

BUSINESS WEEK

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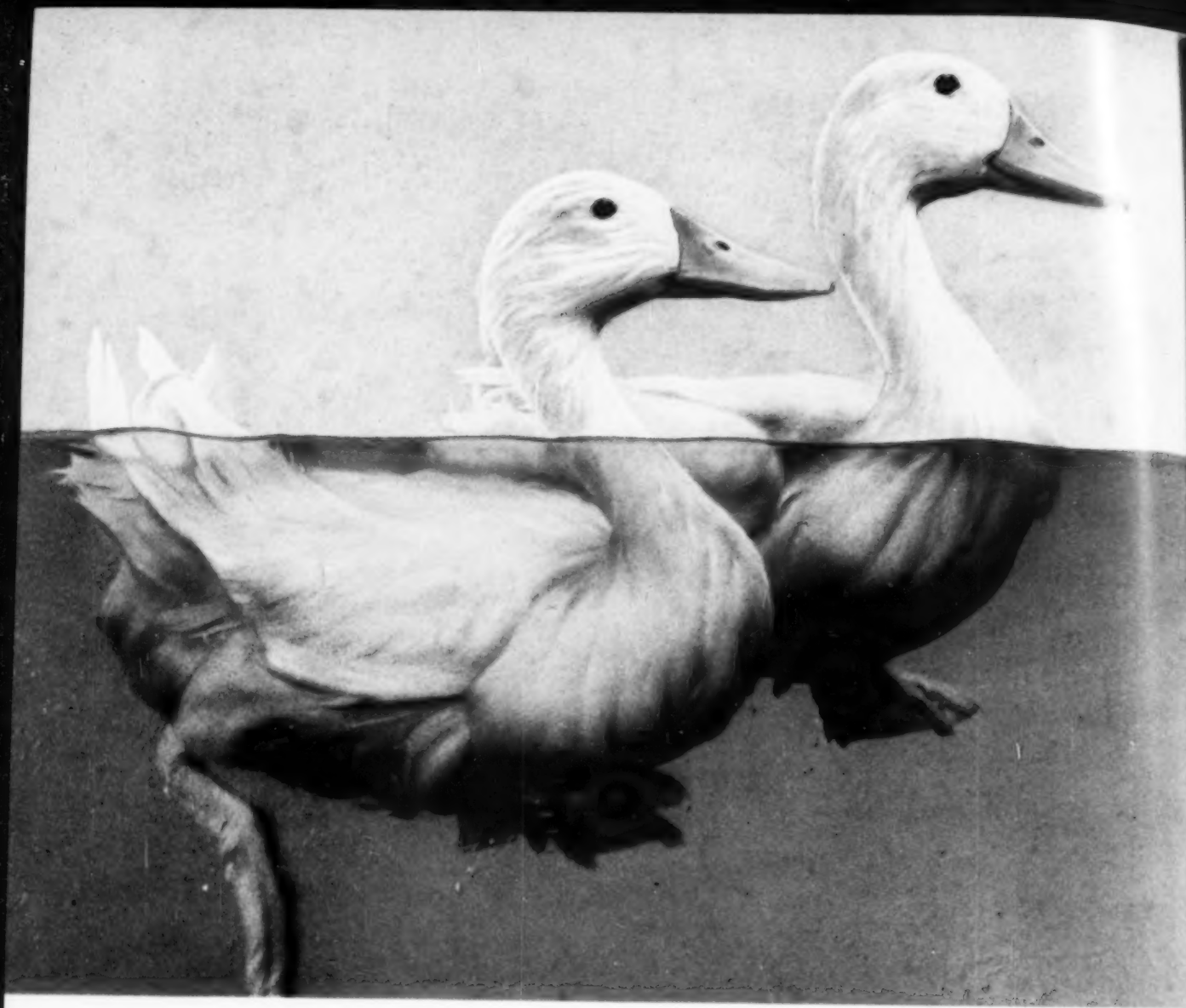


Walter D. Fuller accepts N.A.M. presidency

BUSINESS
WEEK
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PUBLISHED BY THE MCGRAW HILL PUBLISHING COMPANY, INC.

TWENTY CENTS



Can a duck swim!

If you suddenly found yourself walking on air you would probably be no more surprised than a duck that finds itself sinking in water.

A duck floats easily because its feathers, protected by a film of oil, don't get wet. Eliminate this film with a chemical known to industry as a wetting agent, permitting the water to penetrate, and down goes the duck. That is what is happening to the duck at the left. His treated feathers are so *wet* that he is soaked to the skin—literally water-logged!

Anything that can make water as wet as *that* has tremendous importance. For water is the most universally used of all industrial materials, and in most cases industry wants it to wet things faster—

"to get together" quicker with other materials.

AEROSOL* makes water wetter by reducing its surface tension. Developed by American Cyanamid Company, this remarkable chemical has turned water into a more efficient material than it has ever been before. From the moment it was introduced, AEROSOL was eagerly accepted by industry. Already it has found nearly a thousand uses—from speeding the penetration of dyes into fabrics to laying dust in coal mines. It is unique as an ingredient for household cleansing products. Wherever wetting is part of a process AEROSOL is destined to play an im-

portant role—and new uses for it are being found daily. The development of AEROSOL Wetting Agents is another result of Cyanamid's research—the contribution of *new* chemicals that promote progress.

*Reg. U. S. Pat. Off.



**American
Cyanamid Company**

30 ROCKEFELLER PLAZA, NEW YORK, N. Y.

MOLDING THE FUTURE THROUGH CHEMISTRY

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WASHINGTON BULLETIN

FOR BUSINESS BY BUSINESS WEEK'S WASHINGTON BUREAU

Britain's Crisis—and Ours

Britain's approaching crisis is the yardstick against which our defense speedup will now be measured. It is also the basis on which Roosevelt has dared to launch his scheme for short-circuiting the Johnson and Neutrality Acts barring credits to Britain. So far as industry is concerned, the President's plan for speeding aid to Britain means simply the U. S. government will pay for the war materials England needs.

Roosevelt Runs the Show

Intensification of the defense drive has clearly revealed a fact of much more fundamental importance to business. Control of the procurement program will remain in the Army and Navy, and, since the President is their Commander-in-Chief, Roosevelt—and nobody else—will be the boss.

• **Advisory Only**—The Defense Commission may be given a chairman—may be reorganized—but it will continue to serve only as a trouble-shooter, expert adviser, and technical aid to the Army and Navy.

Guns—or Guns and Butter?

Speedup of the defense program sharpens the conflict between "the expansionists," who would lift the country's whole economy to take in defense requirements without sacrificing civil consumer needs, and the "pull-in-the-belters," who would devote every resource to execution of the national defense program and sacrifice all else if necessary.

Faced with the demand for tremendously increased arms production at once, the expansionists, who cry for more butter as well as more guns, probably will be forced to give ground. They insist, however, that the increased tempo of the defense program merely calls for better organization of industry for the job and more time on the job.

No Emergency Declaration

As for proclamation of a full-fledged "national emergency" or of "imminent war," that seems to be out of the window. It's not likely now to pep things up more than present tactics. No more authority than he now has to place compulsory orders, take over plants, or otherwise regulate industry would be invoked by the President through such a proclamation, because Section 120 of

the National Defense Act of 1916, which it would bring into play, was written into present law last September.

"Lending" Goods Preferred

Roosevelt's announcement of the plan to supply war materials to the British by lease or sale, subject to mortgage, anticipates drafting of the legal terms by which this would be accomplished. Various types of legislation will be required, the President says, but no law on the statute books bars the leasing or mortgaging of military equipment to foreign governments. Congress, of course, will have a chance to consider the plan, as it must put up the cash.

Other means of aiding the British are being explored, according to the President, but the technique of "lending" materials obviously is the one he likes best. Cash loans and gifts have been summarily dismissed.

A Cancelable Debt?

By substituting replacement-in-kind for the dollar debt that the British would otherwise owe to us for the materials supplied, the President's plan raises an after-war problem that could lead to cancellation of the obligation much more readily than if it were a dollar debt.

It's not likely that the U. S. will want munitions, and it's certain that our industry and labor will strenuously oppose discharge of the obligation in goods which compete with domestic production.

Only One Customer Now

Taking over British orders will have a host of incidental effects arising from the fact that producers of arms for Britain will be dealing with the U. S. government rather than a British Purchasing Commission.

Plenty of manufacturers have felt that, however many restrictions might be placed around U. S. arms production, there would always be a little profit in the British orders. In the future it will be just as unpatriotic to haggle over a British gun as over an American one; very likely no one will know in advance who gets the gun.

• **Can Get Together**—On the other hand, there will be definite advantages in working for one customer instead of two. Just how the plan will work must develop in practice but certainly it should accelerate the tendency to

standardize British and American specifications.

Canadian Loan Rumor

Rumors of an Export-Import Bank credit to Canada to facilitate sales of needed American machinery and equipment continue to come out of the Dominion, but Washington officials of all agencies concerned deny that any such transaction is under active consideration. They point out that it would be extremely bad politics to attempt to tackle this side issue before Congress has acted upon the major problem of authorizing the leasing of war equipment to Great Britain.

The persistent rumors emanating from the Dominion, however, come from good sources and have the earmarks of a campaign to develop closer financial relations, looking forward to a possible stabilization of Canadian currency with our own.

Priorities, Now and Later

The President's new proclamation empowering the Priorities Board to grant priority ratings on government contracts and subcontracts is, for the present at least, purely technical. What it does is to make clear that, whereas under the present voluntary system preference ratings are granted by the priorities committee of the Army and Navy Munitions Board, compulsory priorities will be administered by the Priorities Board which has been set up by the Defense Commission, when they become necessary.

Airplane Criticism

Behind criticism, emanating more or less unofficially from British sources, of the quality of U. S. aircraft is an under-cover dispute under way since last summer between the British and American designers. For obvious reasons planes built in this country for the Air Corps and for export are now the same; the question is whose ideas shall be used. Most criticisms in the press apply to the obsolescent aircraft, which were all the British ordered until last summer and to ships ordered earlier by the French and taken over by the British.

As to modern planes, the crux of the dispute is fire power. The British this year got the jump on the world by immensely stepping up the gun power of their planes. Naturally, they now feel that fire power is everything. Report-

COMMUNITY INN AT HERSHEY PROVIDES MODERN STEAM HEAT

Thousands of Visitors to Model
Town Enjoy Heating Comfort of
Webster Moderator System

BUILDING REMODELED IN 1937

Webster System is Coordinated
with Air Conditioning in
Oyster Bar and Lounge

Hershey, Pa.—The warm hospitality of the Community Inn, gathering place for thousands of visitors to this great sports center and model industrial city, is due in part to the heating comfort provided by a Webster Moderator System.

In 1937, the Community Inn, a four-story Colonial-type building, was remodeled under the direction of D. Paul Witmer, building designer for the Hershey Estates. The Webster Moderator System was selected to control steam distribution because of its effectiveness in the Hotel Hershey.



Community Inn, Hershey, Pa.

The Webster Moderator System is coordinated with complete air conditioning in the Oyster Bar, the seafood restaurant and the lounge. Here, more than 600 hockey fans gather after an important game and relax in complete comfort to enjoy famous seafood delicacies—brook trout from Hershey's own pools, lobsters, oysters, crabs and shrimp.

William P. Billow, Manager of the Community Inn, says:

"The comfort of guests is our first consideration in the Community Inn. With the Webster Moderator System, temperatures never vary more than one or two degrees from the desired level."

Steam for the heating of the Community Inn is secured from the boiler plant of the Hershey Chocolate Corporation several blocks away.

In addition to the Webster Moderator System, the heating installation includes 132 Webster Sylphon Radiator Traps and 88 Webster Radiator Supply Valves.

Producing heat is only part of the heating job. Putting heat where you want it, when you want it is the big job—the job modern Steam Heating does best. A folder tells why. Write for "STEAM Heats America."



© 1940 WARREN WEBSTER & CO., Camden, N. J. Pioneers of Vacuum System of Steam Heating Representatives in 65 U. S. Cities—Est. 1888

edly, their new ships will mount as many as 12 machine guns or four cannon.

U. S. School of Thought

U. S. designers on the other hand have been unwilling to make the sacrifice of flying quality which is inevitable when so much iron is loaded on a plane. No U. S. pursuit ship now in production mounts more than one cannon, though preliminary studies are under way on a ship mounting three.

Maj. Gen. Brett, acting chief of the Air Corps, pointed out this week that prior to March, 1940, only unacceptable or obsolescent equipment—including the DB-7 Douglas bomber, the Martin-167, and the Curtiss P-36—was allowed to be exported. He said every advantage had been taken of this war's lessons, and that the U. S. "has not only developed but is procuring" planes "equal or superior" to any abroad.

Walter-Logan Bill Dies

As predicted (BW—Nov.30'40,p7), the President vetoed the Walter-Logan bill, which would have clipped the wings of New Deal administrative agencies such as NLRB and SEC, and Congress failed to override the veto. Advocates of the measure had hoped the House would give the necessary two-thirds majority, but the Administration mustered 128 votes to the 153 against the President. Friends of the bill intend to fight for it again in the new Congress.

Extending Federal Power

Surprising only in the sweeping language by which it elevates federal over state rights in regulating water resources development is the Supreme Court's decision upholding the Federal Power Commission's contention that Appalachian Electric Power must obtain a license for its \$11,000,000 power dam on a small but swift Virginia river—the New.

Odds favored an FPC victory despite intervention of 41 states on the other side. Few, however, expected such a sweeping rewrite of the definition of navigation in the Waterpower Act. Federal authority, said the court through Justice Reed, is as broad as the "needs of commerce"—not limited to navigation because flood protection, watershed developments, recovery of the cost of improvements through utilization of power are likewise parts of commerce control.

Arnold Keeps Busy

Justice Department's policy of pulling punches when antitrust action might hamper the defense program

doesn't appear to be hobbling Trust-buster Thurman Arnold. Grand-jury action in Winston-Salem, N. C., involving the mixed fertilizer business is imminent.

Also, the Justice Department's 1934 case (revived several months ago) against the hard-pressed American Society of Composers, Authors, and Publishers is heading towards a consent decree. Justice Department lawyers think it will go a long way toward settling ASCAP's row with the broadcasting stations (BW—Dec. 14'40,p32). Obviously, the decree would break up ASCAP's blanket license system and substitute some sort of "pay-as-you-play" system in line with broadcasters' desires.

Slight Discrepancy

Listen for a noisy fracas in the Commerce Department over retail sales figures published this week by the Census Bureau. These show a 1939 total of \$42,024,000,000, at least two billion more than the most optimistic private guess. The Bureau of Foreign and Domestic Commerce, which issues official estimates ahead of actual census reports, guessed \$37,950,000,000.

The census figures show an increase in retail trade of 28% over 1935, when it took a WPA census of business. Howls are coming from all branches of retail trade, with cries that the figures just can't be right. Census Bureau insists its 1939 figures are right, admits the 1935 figures were sour and says this resulted in too low estimates all around.

● **Bad Blood**—Behind the figures lies a long, smoldering intradepartmental squabble between Census and Bureau of Foreign and Domestic Commerce.

P. S.

The Food and Drug Administration has never made any concerted drive against deceptive labeling of cold remedies but, with another sniffing season at hand, it has decided to get tough. Labels will not be permitted to state that a product is a cure or preventive, for FDA believes there just aren't such things. . . . The camera is becoming more deadly in war. Army Air Corps latest wide-angle aerial camera, developed at Wright Field, carries 249 frames of film which, allowing for 60% overlap, is capable of 3,600 sq. mi. of area in flight. . . . Now that export controls affect many products, a crop of "bureaus" to help exporters and manufacturers get export licenses is springing up. Government officials say they think the procedure simple enough so anyone should understand it and deny there is any problem arising from incompetently filed applications. However, if anyone feels the need of export advice, the government has no objection to dealing with intermediaries.

FIGURES OF THE WEEK

THE INDEX

\$ Latest Week	Preceding Week	Month Ago	6 Months Ago	Year Ago
*142.3	†141.2	140.8	123.2	125.6

PRODUCTION

Steel Ingot Operations (% of capacity).....	96.8	96.0	96.6	87.7	90.0
Automobile Production.....	125,625	124,790	120,943	93,635	118,405
Engineering Const. Awards (Eng. News-Rec. 4-week daily av. in thousands)...	\$17,194	\$15,486	\$21,485	\$12,890	\$8,463
Electric Power Output (million kilowatt-hours).....	2,862	2,838	2,752	2,516	2,605
Crude Oil (daily average, 1,000 bbls.).....	3,579	3,613	3,577	3,816	3,866
Bituminous Coal (daily average, 1,000 tons).....	1,637	1,690	1,645	1,345	1,536

TRADE

Miscellaneous and L.C.L. Carloadings (daily average, 1,000 cars).....	79	80	81	73	74
All Other Carloadings (daily average, 1,000 cars).....	44	†47	49	45	40
Check Payments (outside N. Y. City, millions).....	\$4,883	\$5,247	\$4,428	\$4,039	\$4,707
Money in Circulation (Wednesday series, millions).....	\$8,625	\$8,569	\$8,395	\$7,717	\$7,564
Department Store Sales (change from same week of preceding year).....	+5%	+6%	+6%	+14%	+4%

PRICES (Average for the week)

Business Week-Annalist Cyclical Commodity Index.....	82.51	82.38	82.19	73.18	82.97
Spot Commodity Index (Moody's, Dec. 31, 1931 = 100).....	168.3	168.6	168.4	156.4	167.3
Industrial Raw Materials (U. S. Bureau of Labor Statistics, Aug., 1939 = 100).....	121.7	122.0	122.0	114.7	128.9
Domestic Farm Products (U. S. Bureau of Labor Statistics, Aug., 1939 = 100).....	121.6	122.2	122.5	111.3	119.3
Iron and Steel Composite (Steel, ton).....	\$38.28	\$38.18	\$38.07	\$37.76	\$37.19
Scrap Steel Composite (Iron Age, ton).....	\$21.33	\$21.33	\$20.92	\$19.92	\$17.83
Copper (electrolytic, Connecticut Valley, lb.).....	12.046¢	12.029¢	12.038¢	11.458¢	12.500¢
Wheat (No. 2, hard winter, Kansas City, bu.).....	\$0.83	\$0.85	\$0.86	\$0.80	\$0.98
Sugar (raw, delivered New York, lb.).....	2.94¢	2.90¢	2.90¢	2.76¢	2.95¢
Cotton (middling, ten designated markets, lb.).....	9.84¢	9.89¢	9.74¢	10.68¢	10.82¢
Rubber (ribbed smoked sheets, New York, lb.).....	20.88¢	21.00¢	21.18¢	22.19¢	20.59¢

FINANCE

90 Stocks, Price Index (Standard Statistics).....	84.2	84.1	87.9	79.0	98.3
Medium-Grade Corporate Bond Yield (30 Baa issues, Moody's).....	4.44%	4.46%	4.47%	5.13%	4.93%
U. S. Bond Yield (average of all issues due or callable after twelve years).....	1.87%	1.92%	1.96%	2.41%	2.37%
U. S. Treasury 3-to-5 year Note Yield.....	0.33%	0.34%	0.32%	0.80%	0.50%
Call Loans Renewal Rate, N. Y. Stock Exchange (daily average).....	1.00%	1.00%	1.00%	1.00%	1.00%
Prime Commercial Paper, 4-to-6 months, N. Y. City (prevailing rate).....	†-1%	†-1%	†-1%	†-1%	†-1%

BANKING (Millions of dollars)

Demand Deposits Adjusted, reporting member banks.....	22,403	22,131	21,818	20,615	18,981
Total Loans and Investments, reporting member banks.....	25,224	25,053	24,871	23,661	23,523
Commercial and Agricultural Loans, reporting member banks.....	4,992	4,942	4,895	4,377	4,416
Securities Loans, reporting member banks.....	987	911	908	916	1,322
U. S. Gov't and Gov't Guaranteed Obligations Held, reporting member banks.....	12,311	12,307	12,180	11,614	11,276
Other Securities Held, reporting member banks.....	3,614	3,584	3,605	3,578	3,376
Excess Reserves, all member banks (Wednesday series).....	6,790	6,820	6,795	6,607	4,849
Total Federal Reserve Credit Outstanding (Wednesday series).....	2,241	2,266	2,326	2,523	2,543

* Preliminary, week ended December 14th.

† Revised.

§ Date for "Latest Week" on each series on request.

BUSINESS WEEK INDEX OF BUSINESS ACTIVITY



What every Business Man should know about Fluorescent Lighting!

QUESTION. What is fluorescent lighting?

ANSWER. G-E Fluorescent Lighting is a brand new source of illumination—a source in which the light is produced not by a filament, but through fluorescent powders coated on the inside of long glass tubes. These powders convert invisible ultra-violet energy into visible light.



IN THIS "life-test" G-E MAZDA F lamps burn day and night to help assure the high standards set by G-E research.

Q. What are its advantages for me?

A. Its higher efficiency and greater coolness permit factories, offices, and stores to have higher levels of illumination than has ever before been practical. Since people see faster, with less fatigue in better light, you should expect increased production, better sales, fewer mistakes, and improved employee morale when fluorescent lighting has been properly installed in your factory or store.

Q. Why should I insist on G-E MAZDA Fluorescent Lamps?

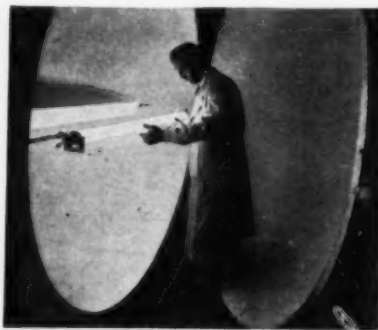
A. G-E MAZDA F lamps are the latest product of General Electric Research and Development—a combination which for 61 years has been

giving America more and more light at lower and lower cost. Since G-E MAZDA F lamps were introduced less than three years ago, efficiency has been increased as much as 40% and prices reduced as much as 32%! Today's G-E MAZDA F lamps are made to give maximum light output for current consumed—made to stay brighter longer!

Q. What about fixtures?

A. You can choose from a wide variety of individual styles. General Electric cooperates with many fixture manufacturers, and does not make fixtures itself. Your G-E MAZDA distributor has styles and types to fit every business—complete with G-E MAZDA F lamps, all ready to use.

Fixtures bearing the Fleur-O-Lier or RLM tag assure you of maximum fixture performance because they are certified by Electrical Testing Laboratories to comply with exacting specifications. Such certification may be obtained by any fixture manufacturer whose product meets required specifications.



HERE a skilled technician places a 100-watt G-E MAZDA F lamp in giant "electric eye" that measures light output.



THIS MACHINE tests brightness of fluorescent powders used in G-E MAZDA F lamps to assure maximum light output throughout life.

Q. What should I do now?

A. See your G-E MAZDA lamp distributor. He can help you choose the fluorescent fixtures that exactly meet your needs, and he can draw on all the resources and experience of the General Electric Company to see that you get the best possible fluorescent lighting properly engineered to your needs—at the lowest possible cost. Your local lighting company can also give you valuable advice.



G-E MAZDA F LAMPS are recommended for use only with equipment providing good power factor, such as Fleur-O-Liers or RLM Industrial fixtures. The label shown here identifies Fleur-O-Lier fixtures, made by over 35 experienced manufacturers.

G-E MAZDA LAMPS
GENERAL ELECTRIC

THE OUTLOOK

Consumer Goods Take Over

Outstrip gains in heavy lines, indicating our economy now has power to generate own expansion. Aid to Britain is critical and you should watch for "defeat scare" in spring.

Things are shaping up for a "defeat scare" in the spring—and business men might as well begin preparing for it now. Lord Beaverbrook declares that the British have overconfidence to fear more than anything else—and he warns of gigantic German preparations for a combined land-air invasion, but especially air. Mr. Hull lets it be known that he is disturbed about the small volume of aid this country is sending to Great Britain. And Mr. Knudsen sends his letter to manufacturers and workers impressing upon them the seriousness of the situation.

• **First Line of Defense**—These words of warning have a double intention: (1) to prepare the public mind for what's coming—it will be anything but pleasant; (2) to pave the way for increased American aid to Britain by emphasizing the gravity of the British plight. And President Roosevelt capped the reports and rumors at his press conference Tuesday when he asserted that we might just as well face the fact now that this government regards Great Britain as America's first line of defense and will act accordingly.

Thus the stage is set to push through Congress legislation to permit sending arms to Britain on about the same basis as lending a garden hose to a neighbor whose house was afire—the analogy the President used. This has critical business significance because it means that this country will not permit Britain to lose the war for want of dollar balances; it further means that British orders to American manufacturers will continue so long as the war continues.

• **Inventory Buying of Arms**—Business Week has pointed out previously (BW—Nov. 30 '40, p13) that British demand for munitions is not to be dismissed lightly—on the theory that this government would immediately take over British orders and therefore domestic employment and production would not taper off. That is true—for a time. But, remember, British buying is for use. British planes that go into battle and British shells that explode have to be replaced. American buying is primarily for inventory purposes. When the Army, Navy, and Air Corps quotas are filled, the new orders to the armament industry will be primarily to keep them operating. They won't be large.

So the longer Britain is in there fighting—and consuming munitions—the greater is the assurance that industrial activity in the United States will continue at a high level. For, if one economic fact has been established by business developments, it is this: That armament has become the dominant and dynamic industry in the U. S. today.

• **A Business Change**—However, it is worth noting that the character of business has been undergoing a change. The upturn started in April and May under the leadership of the durable-goods industries; and the heavy industries have been predominant in the expansion. But the effect of increased employment and payrolls in steel, machinery, airplane, and other such industries has

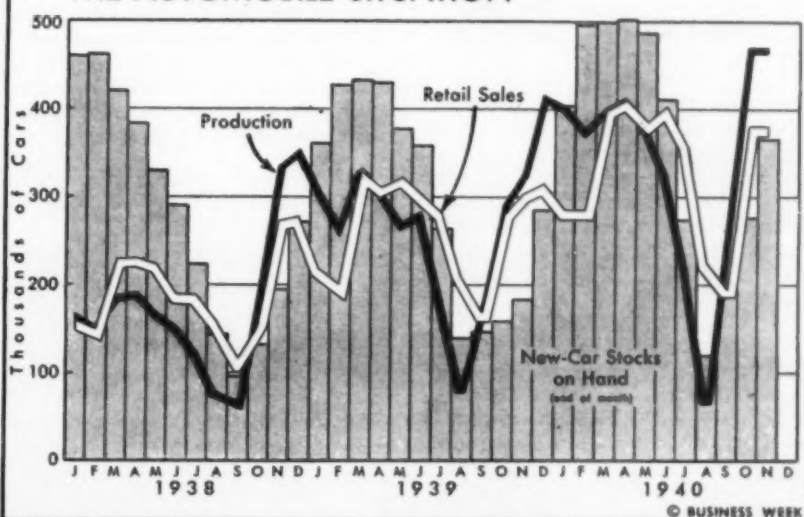
been radiating outward—to consumer goods factories. Now, when expansion in the heavy industries is limited by capacity, and the rate of gain is slackening, non-durable goods manufacturers are bearing the brunt of the expansion burden, as the following table shows:

Month-to-Month	Points Change	
	Durable Goods*	Non-Durable Goods*
April-May	+6	+3
May-June	+12	+4
June-July	+1	-2
July-August	+3	0
August-September ..	+11	0
September-October ..	+5	+4
October-November ..	+2	+4

* Federal Reserve Board indexes of manufactures (seasonally adjusted).

• **Consumer Buying**—This is just another bit of evidence that the recovery spiral is at work (BW—Dec. 7 '40, p13), and it is quite possible for a while—at least until plants now being built get into actual operation—that gains in the non-durable goods industries will continue to outstrip those of the heavy-goods companies. This is an economic

IN THE OUTLOOK:
THE AUTOMOBILE SITUATION



Automobile sales have been exceptionally high for this season of the year. But that has not prevented inventories from increasing. Manufacturers have speeded up production in order to get their "regular business" out of the way and thus be clear for national-defense output. As a consequence, new-car stocks in dealers' hands have had a sharp rise ever since production on 1941 models started. A

100,000 inventory increase is possible in December if assemblies continue at the current 125,000 weekly clip. That would bring stocks up to 450,000 or 460,000 by the end of this month. Stocks of 1940 models reached the 500,000 mark in February and stayed there through May. Now it looks as if inventories will exceed 500,000 automobiles as early as January—and then may still be rising.

factor of broad implication, indicating as it does that our internal economy has now within itself the power to generate its own expansion. The consumer is buying, and therefore factory wheels are bound to keep turning.

This power of self-locomotion, however, does not preclude the possibility of a profound business shock this spring—if the Germans succeed in making a landing on British soil. In Wall Street, speculation is already taking this into account. The general attitude is that even though right now business is good and is still expanding, there is no point in buying common stocks when things are likely to happen over there. Thus, investors and speculators are doing their discounting currently—and unquestionably some sales have been made with the idea of replacing stocks at lower prices later.

• **Possible Rally in Stocks**—If the Germans do have successes in Britain, then business will get a setback; but if the German thrust fails, then the feeling in the United States will be one of great relief. The market—for the first time since the April-November rise of 1938—may give signs of real rallying power.

Holiday Strikes

Retail unions press demands at strategic season, but—except for two chains—disputes are quickly settled.

The Christmas rush provides unions in the retail field with a strategic time to press demands. As with other labor organizations, their bargaining power is strongest when an employer is in his peak season. The week's news brought reports of disputes in all sections of the country. But, except for two major chains, they all were quickly settled, affected only few people.

The largest was making trouble, in eleven western states, for the far-flung Montgomery Ward business. Centering in Oakland, Calif., A.F.L. craft unions were tying in with the powerful teamsters and warehouse organizations to strike for what the unions claimed were wage adjustments, the company characterized as a closed shop. Federal Conciliator Ashe, commenting on the deadlock, snapped at the company with a public statement that it has "refused to accept any sort of agreement including arbitration clauses or wage increases." California railroad workers were making the strike more effective by refusing to handle Ward-consigned freight cars.

• **Variety Chain Struck**—The other big retail strike was C.I.O.-directed, aimed at Neisner Bros., giant variety store chain. Starting in Michigan, it threatens to cripple the chain's eastern units,



The Christmas season brings the shoppers out in full cry—in Chicago (above) as elsewhere. Department

store sales this December are expected to approach 1929 in dollar volume, top it in volume of merchandise sold.

since union officials plan to extend the picketing into Illinois, Pennsylvania, Ohio, and New York if the management does not adopt a conciliatory attitude in handling the dispute in the 40 stores already struck.

By midweek, an estimated 1,500 Neisner workers were already out, and a boycott was being organized in upstate New York. Union demands were (1) a \$16-a-week minimum wage; (2) a 44-hour week for women and a 48-hour week for men; (3) vacations with pay; (4) five days' sick leave per year.

Thrust by U.A.W.

Auto workers sign first aircraft parts contract with Briggs, argue over "union shop" at Hudson, challenge Ford.

Last week the Briggs Manufacturing Co. spent three hours in conference with representatives of the United Automobile Workers' Union (C.I.O.), called in the press and announced that a new contract had been agreed on and signed. The new agreement extends the 1940 contract with a few changes and will be in force until Dec. 7, 1941. Important new provisions included (1) an award to hourly paid employees with one year's seniority of a \$40 payment in lieu of vacation with pay and (2) a boost in wages of 2¢ an hour.

Swinging right along, Briggs this week sat down with a committee from U.A.W.'s aircraft workers' division, agreed on another contract. This one

covers 500 workers in the company's aircraft parts plant which is scheduled to expand its production force to 5,000. Covering a brand-new field for the Detroit industrial area, it calls for (1) a minimum wage of 75¢ per hour for men, 65¢ for women and (2) a learner's starting wage of 10¢ below the minimum with increases of 5¢ after four weeks, another 5¢ after six months.

The Detroit labor scene was further enlivened this week by a difference of opinion between the Hudson Motor Co. and U.A.W. The controversy was over a provision in the recently signed Hudson agreement which says: "The company agrees that employees who are members of the union or who may become members of the union, and as such have accepted the contractual obligation, remain in good standing." The union was chortling that it had won a closed shop, first in Michigan's No. 1 industry. The company was insisting the clause meant nothing of the kind.

Meanwhile, febrile U.A.W. was pushing its campaign against Ford. It kept the Washington wires hot with protests to the Defense Commission against the company receiving government contracts (page 22) and harried it with a demand for an election, boasting it would "demonstrate that it had a majority of Ford employees." The request for a poll was summarily rejected by Ford's attorney, as the union must have expected. It is doubtful whether U.A.W. could carry a Ford ballot. Forty union organizers, however, are now working unhampered in Dearborn where the courts recently threw out a town ordinance against distributing literature.

Defense Speedup—for Britain

Plan to put all government powers behind aid to Britain is revealed as industry makes quick response to call for faster production. Arms-trading formula to leave out the "dollar sign."

Last week, on behalf of the National Association of Manufacturers, outgoing President H. W. Prentis, Jr., called on the government to "develop a clear definition of our defense objective" (BW—Dec. 14 '40, p. 15). "What," he asked pointedly, "do we intend to protect?"

This week on Tuesday Mr. Prentis, the nation's manufacturers, and the peoples of the world had an answer to that question. It was an answer which made clear and emphatic the basic implications long apparent in Administration policy on both foreign affairs and na-

tional defense. But this time, the President took the wraps off. To newspaper men assembled in his oval study for one of the most important press conferences which he has ever held, Mr. Roosevelt announced that the best immediate defense of the United States is the defense of the United Kingdom.

• **What It Means**—As the President proceeded to document this thesis of national defense, it was obvious that this government was being committed unequivocally to an all-out program of aid for Great Britain. To the limit of our capacity, planes, ships, guns, shells, tanks, and all the munitions of war will be supplied regardless of Britain's ability to pay cash on the barrel head, and regardless of the restraints now imposed by the Neutrality Act (which forbids the extension of credits to belligerents) or the Johnson Act (which forbids the extension of credit by private individuals—

exempting federal corporations such as the RFC—to nations in default on U. S. loans). The President announced he intended to ask the next session of Congress to authorize this program of assistance on a basis which would not be tied down to the dollar sign (page 7). Presumably a trading formula would be devised, such as that which was worked out in the swap of over-age destroyers for naval bases, by which goods would be "lent" to Britain on the assurance that they would be returned or replaced "in kind" after the war; the goods would be manufactured here under a government guarantee of payment.

The President's suggestion that the United States government could take over all future British orders for war supplies provided assurance that production of armament in this country would not be allowed to falter through exhaustion of the 4½ billion dollar credit bal-



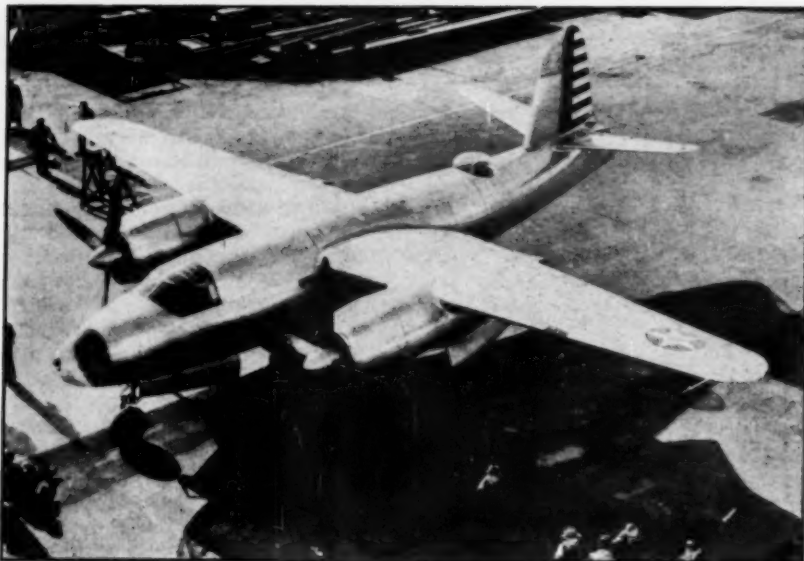
In his address to the N.A.M. last week, Defense Commissioner Knudsen (right) prepared the way for the defense speedup effort with a plea for increased pressure of production. This week N.A.M.'s outgoing President Prentis (left) announced N.A.M. would undertake an immediate survey of industry's men and machines in an attempt to break bottlenecks.



Talking it over at the N.A.M. convention (left) are W. S. S. Rodgers, president of the Texas Co.; Thomas M. Girdler, chairman of the Republic

Steel Corp.; and Philip D. Reed, chairman of the board of the General Electric Co.; and (on the right) Wal-

lace Caldwell, president of the Associated Industries of Alabama, and Paul Shoup, president of the Merchants and Manufacturers' Association of Los Angeles.



TEST FLIGHTS FOR THE B-26

The Martin B-26, credited by the Army Air Corps with being faster than most pursuit ships fighting in Europe, is now getting test flights.

ance which the British Empire had in this country when war was declared. (Britain has already contracted for \$1,000,000,000 of war materials, made commitments for \$3,000,000,000 more.)

With last week's appearance before the N.A.M. of Defense Commissioner Knudsen, who reported plane production was 30% below expectation, and with Knudsen's plea this week to the machine-tool industry, asking for an extension of efforts to accomplish the "impossible," in view of the "terrible urgency of the situation," the ways had been well prepared for launching of the defense speedup. Significantly, that intensified effort—the first forced-draft production program since the defense program got under way last summer—is now being unleashed with the common consent of government and industry.

Strongly indicative was industry's quick response to Knudsen's pleas, for on Monday the N.A.M. announced that it would make a survey of industry's men and machines as a preliminary to unchoking the defense bottlenecks. The entire membership of the N.A.M. is being asked to take part. Figures on individual plants will be gathered by the N.A.M.-sponsored National Industrial Council, which comprises state, trade, and local manufacturing organizations. The council will not only inventory machines and floor space and the possibilities of conversion to defense production, but it will also seek out trouble factors that are holding back production. Object of the study is to make certain that management is doing everything possi-

This is the two-engine ship which will be mass-produced under the new plane-auto program (BW—Dec.14'40, p8); Detroit manufacturers will supply parts and sub-assemblies; plane men will assemble them in new factories.

ble to meet the government's demands.

From the presidency of N.A.M. Mr. Prentis moves to the chairmanship of the board. New N.A.M. president, taking office Jan. 1, is Walter D. Fuller, president, Curtis Publishing Co. (see cover). Other 1941 officers are: Chairman of the executive committee, Howard Coonley (president of the Walworth Co.); national vice-presidents—Robert E. Wood, chairman, Sears, Roebuck & Co.; Philip D. Reed, chairman, General Electric Co.; J. Howard Pew, president of Sun Oil Co.

Scrap Settlement

Wage scale adjusted, but dispute over double penalty to keep employers from chiseling still has to be ironed out.

The 10-day strike of 1,200 employees of 23 Philadelphia scrap metal firms (BW—Dec.14'40,p53) was settled last week with a 5¢-an-hour increase and time-and-a-half for overtime, but still dangling is a clause which snarled negotiations as much as wage demands.

• **Double or Nothing**—For years the industry in Philadelphia has had an arbitration board in which employers and employees held equal strength, but now the three A.F.L. unions involved have thought up a new chore for it.

The unions demand that any employer who is adjudged guilty of chisel-

ing on the new wage scales be compelled to ante up double the amount of his depredations. The union argument is that without the clause some employer might take a chance on evading the pay raises or overtime rates, hoping that he might get away with it, and reasoning that if caught he would merely have to pay up the difference. State and federal mediators could not determine whether the clause was a legal one. They set a 30-day limit for both sides to garner legal advice.

The original demands were for a 6¢ an hour increase to boost scales ranging from 50¢ to 85¢ an hour, or for a 3¢-an-hour increase for the first year, and a like increase for the second. New contract is for a flat 5¢ for two years, with those now above the scale not affected.

Hole in a Mountain

Tax fight focuses spotlight on Colorado mine which produces two-thirds of world output of alloying element.

You wind up and up between giant ridges on Colorado's highway No. 9. Suddenly you come upon a square mile of white and blowing desert sand, laced by high, spidery wooden trestles. You round the next bend, and there, a quarter-mile from the highway, a red mountain is being disembowelled. The mountain seems to be groaning, but this is the noise of the mills, grinding 12,000 tons of ore a day to the fine white tailings that are spread along the valley.

• **A World Institution**—This is the huge and prosperous plant of the Climax Molybdenum Co., source of two-thirds of the world's output of the precious alloying element, and estimated to have 90% of the world's known supply. It is now in the national news because this whole property was recently offered at forced sale for delinquent taxes. Bids attracted were ridiculous—one of \$1, one of \$10, one of \$10,000.

The company is perfectly able to pay its taxes. It's one of the most prosperous American mining corporations.

• **Maker of Millionaires**—At the market price of its closely-held securities, Climax's present worth is around \$75,000,000. It has paid \$26,964,000 in dividends on its 2,520,000 shares of stock in six years, and it paid a \$1 dividend per share five days before the tax sale. It has already made millionaires out of the dozen or so men who control it, and will make multimillionaires of them before its vast ore reserves are exhausted. The company was offered for sale by Lake County Treasurer Frank E. Kendrick after having refused to pay 1940 taxes (plus penalties) of \$294,938, on a valuation of \$16,276,745. The

county refused all bids and now holds the tax certificate.

• **What Happened**—Here's the story: In 1938, Chairman John Seaman of the Colorado Tax Commission read an article in *Fortune* (October, 1937) describing Climax in glowing terms. He decided the company was getting away with murder, in terms of tax payments, and consulted with Lake County Attorney Eugene Bond, a Colorado University regent, and Commissioners Thomas J. Starr and B. A. Swanson. They agreed, and jumped the company's valuation from \$4,002,350 in 1938 to \$16,276,745 in 1939, and the taxes from \$101,259 to \$281,000. Principal dispute is over the value of ore, the company claiming it at \$501,200, and the county at \$10,594,000. The company offered a part payment which was refused.

• **Latter-Day Leadville**—Lake County's seat is historic Leadville, which produced nearly half a billion dollars in gold and silver—but its future values are deep in drowned pits, and it is a semi-ghost city. Mining supports the city and county. Climax paid about 45% of the tax bill in 1939; if the present assessment stands it will pay 76%, other taxes having been cut. Bond says God Almighty put the mineral wealth down in Lake County and the county is entitled to "a share of the company's 50% profits."

The company says it won't fight in print, but will wait for the courts. It asserts that the tax claim is excessive and illegal, and will never be paid.

• **Voice of the Electorate**—Meanwhile Messrs. Starr and Swanson were beaten for re-election, and leave office Jan. 1. Their successors are Cy Pierce, a Climax employee, and George Burke, a railroad man, who got 408 and 413 votes respec-



One of the features of the Climax Molybdenum Co.'s expansion program is this big new dormitory to house married workers.

tively in Climax itself, against 17 and 23 for their opponents. Both are pledged to compromise the tax claim.

• **Geological Pudding**—No one knows quite how this tremendous store of moly came to be located here at the ridge-pole of the continent—Fremont Pass is 11,318 feet high, and saddles the Continental Divide, and the mine's lowest working is at 11,400. But cons ago, when huge blocks of granite and basalt were being squeezed up to form the Rockies, this particular block—cracked and fissured—was steamed full of moly-bearing gases and liquids, like a Christmas pudding.

Moly isn't in big veins, but in tiny streaks and sheets in the country rock. End-on, they look as if someone had been drawing on the rock with a soft pencil, for moly looks like soft graphite.

• **Just Rock, Until**—Glaciers tore away a corner of the granite block, now called Bartlett Mountain, but until about 1900 prospectors just eyed the grained rock

with disgust, rubbed their fingers black, and wished the stuff was good for something. Then came Max Schott, still the head of Climax. There was a little development and then more as the Germans toughened their guns during the First World War with molybdenum.

After the war an alloy-hungry world began buying, and for the last several years the problem has been to build equipment fast enough to pour out the torrent of ore—capacity is now 12,000 tons a day—demanded by a war-preparing world. (None of this material is now being shipped to the Axis powers.) Production is expensive; both men and machines have to slow down in the thin air more than two miles up. But it pays.

However, since 1938 there hasn't been a journalist of any sort in the mine.

FLORIDA STREAMLINERS

Those long-awaited streamline trains from Chicago to Miami (BW—Jul.20 '40,p26) started their 29½-hour runs to the South this week when three railroads—the Illinois Central, Chicago & Eastern Illinois, and Pennsylvania roads—put into formal operation their co-operative plan under which daily arrivals and departures are maintained.

The trains—all of the lightweight, sleeper-coach type—make the round trip in three days, using rail facilities of six other roads. Departure and arrival times are identical for all three trains, though they are operated independently.

On the Eastern seaboard, where railroads are also preparing to cash in on what they predict will be the biggest New York to Florida season, the Florida East Coast Line and the Seaboard Air Line have announced that they have doubled streamline facilities for the coming season. Both roads will operate two 14-car, Diesel-electric powered, lightweight trains each way daily.

Meanwhile, the Southern Railroad announced this week that it has placed an order for six complete trains (47 cars) with Pullman-Standard Car Mfg. Co.



The Climax Molybdenum Co. has expanded its original plant (the building under the trestle) until now it has a capacity of 12,000 tons a day. Set

high in the Colorado mountains, the plant appears to be constantly surrounded by snow—but it's really just tailings from the mills.

Localized Defense

New division is directing volunteer enthusiasm into useful solving of problems like housing and fire protection.

Washington has no monopoly on windy tooting about national defense. You hear it, perhaps you indulge in it at the club, at the chamber of commerce, at the directors' meeting. Business men, mechanics, preachers, taxi drivers, the councilman, the mayor, the assemblyman, the governor make a lot of noise about a subject which concerns them all.

Set this noise to music, orchestrate it, and it may be worth listening to. In other words, organize the ideas and efforts which many individuals and organizations are volunteering in the interest of national defense. Without coordination, the volunteer activities may do harm as well as good. It was for this reason that the Defense Commission created last August a Division of State and Local Cooperation. Before that date a dozen governors had set up some sort of minute-man organization.

• **A Business Angle**—The movement was spontaneous. From the business angle, it was an attempt to get in on the ground floor of the defense program, foster state industrial development. From the governmental angle, civil protection was the dominant factor, obviously complicated by the calling of the National Guard into federal service.

For three or four months the letting of contracts and the spending of money were the big attractions. Now the same groups which cried, "Give us the business," are coming in with the cry, "Look what it's done to us." That cry reveals the real function of state and local defense organizations. Their job is to help the states and communities meet the impact of the defense program upon housing, hospitalization, recreation, traffic, sewers, schools, and fire control, which had largely been geared to their existing loads.

• **How to Help Out**—Following the annual conference of state governors last June, Guy Moffett of the Spellman Fund began a study of ways in which state and local cooperation best would serve national defense. It boils down to serving themselves by solving some of the problems which the defense program has dumped upon them and by refraining from red hunts and other forms of amateur sleuthing to prevent sabotage and espionage which may be handled better by appropriate government agencies. Mr. Moffett's outline of problems and suggestions for meet-

ing them has directed a sincere desire "to do something" from this sort of vigilante activity into channels of useful service.

• **State Councils Set Up**—There are now 33 state defense councils or committees and 750 to 1,000 local defense organizations which are tackling various angles of agricultural production, civil protection, health, welfare and the consumers' interest generally, housing, industrial resources and labor supply. In most cases, surveys of existing situ-

ations and conditions are their long suit. Conspicuously lacking defense councils are Pennsylvania, Illinois, and Ohio. Scattered states in the Rocky Mountains, Great Plains, and the South have not set up any special organizations.

The policy of the Division of State and Local Cooperation is not to recommend action until need is recognized.

• **Telling the Governor**—State councils advise, don't execute. If they've got a

Directory of State Defense Councils

The Division of State and Local Cooperation of the National Defense Advisory Commission at the present time lists state advisory councils in 33 states and the District of Columbia. Business men interested in forming such committees for the

Arizona (Phoenix)

State Council of Defense
Arizona Club

Arkansas (Little Rock)

Arkansas Defense Committee

California (Berkeley)

State Council of Defense
2121 Allston Way

Connecticut (Hartford)

State Council for National Defense
Room 217, State Office Bldg.

Delaware (Wilmington)

State Council for National Defense
Mullin Building

District of Columbia

Council of Defense
Room 306 District Bldg.

Florida (Tallahassee)

State Council of Defense

Georgia (Atlanta)

State Committee for National Defense
75 Marietta St.
State Commander
State Defense Corps

Indiana (Indianapolis)

Governor's Emergency Defense Council
State Capitol

Iowa (Des Moines)

Iowa Industrial Resources and Defense
Council
c/o Des Moines Water Works

Kansas (Topeka)

Kansas Council of Defense
State House

Louisiana (New Orleans)

National Defense Council of Louisiana
Whitney Building

Maine (Augusta)

Military Defense Commission
State House

Maryland (Baltimore)

State Council of Defense and Resources
1006 Union Trust Bldg.

Massachusetts (Boston)

Mass. Committee on Public Safety
State House

Michigan (Detroit)

Michigan National Defense Council
2864 Penobscot Bldg.

Minnesota (St. Paul)

State Defense Coordinator
Room 266, State Capitol

Missouri (St. Louis)

State Industrial Commission
511 Locust St.

Nevada (Carson City)

State Defense Committee

New Hampshire (Laconia)

State Defense Committee on
Industrial Cooperation

New Jersey (Trenton)

New Jersey Defense Council
Room 1406, Trenton Trust Co. Bldg.

New Mexico (Roswell)

State Council of National Defense
c/o New Mexico Military Institute

New York (Albany)

State Council of National Defense
State Capitol

North Carolina (Raleigh)

Dept. of Conservation and Development or
Adj. Gen. J. Van B. Metts
(Military or Civic Activities)

Oklahoma (Oklahoma City)

The Adjutant General

Rhode Island (Providence)

State Council of Defense
State House

South Carolina (Columbia)

State Council for National Defense
New State Office Bldg.

South Dakota (Pierre)

The Adjutant General

Tennessee (Nashville)

State Advisory Committee on Preparedness
408 New State Office Bldg.

Texas

Governor's National Defense Committee
Austin, Texas
National Defense Aviation Board for Texas
Dallas, Texas

Vermont (Rutland)

State Council of Defense
Post Office Box 191

Virginia (Richmond)

The Virginia Defense Council

Washington (Camp Murray)

Washington State Defense Council

Wisconsin (Kenosha)

Wisconsin Council of National Defense



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This handsome International is *Cab-Over-Engine Model D-500*—one of 51 models in the complete line, in 166 wheelbase lengths. International sizes range from $\frac{1}{2}$ -ton light delivery to powerful heavy-duty 6-wheelers.

INTERNATIONAL TRUCKS

notion for clearing up a jam in housing, for instance, or for better utilizing the state's industrial resources, they tell the governor. Overhead policy is to take advantage of the responsible, expert knowledge and interest of lay and organized professional groups but to confine action to existing agencies.

The primary object is to appraise sanely the emergency problems which may confront the state and to eliminate confusion and overlapping of activity in tackling them.

• **Division of Problems**—Obviously, there's no necessity for duplicating at the state level the functions performed by the Defense Commission in Washington. The commission's Division of State and Local Cooperation points out, for instance, that price control is a national problem which can't be dealt with effectively by individual states.

Other matters, common to many states, lie distinctly within the competence of the states—civil protection, for instance. To swap ideas on this subject a conference was recently held under the auspices of the Division of State and Local Cooperation, in conjunction with the Department of Justice, the Commission on Uniform State Laws and the Council of State Governments.

• **Protective Measures**—This get-together was concerned primarily with measures to guard against sabotage and subversive activity through law enforcement by legally constituted authorities and the exercise of regular police powers. With the mustering of the National Guard into the federal service, several states need legislation to permit mobilization of local police from town to town. This is sought as an antidote for the vigilante type of activity.

The Division of State and Local Cooperation also is working with the War Department on the organization of home guards with an eye to drafting a uniform state home guard law. Home guards are regarded, in a fashion, as a third line of defense to be called on if needed to supplement the local police, state police, or mobilized local police forces.

• **The Fire Problem**—Another conference was devoted to fire protection. In this field, there is no federal agency such as the FBI, to assume primary responsibility for the job. London's experience has demonstrated that the war over there is fought by firemen. Fire chiefs, fire fighters, municipal signal officials, fire underwriters, Army and Navy, and the FBI are interested. The upshot of their conference is the appointment, with the Defense Commission's approval, of a technical committee on fire prevention and protection headed by Mayor Maurice J. Tobin of Boston.

The Division of State and Local Cooperation publishes a house organ (weekly circulation 5,000) which is distributed to governors, mayors, members of state and local defense councils and official agencies participating in the defense program.

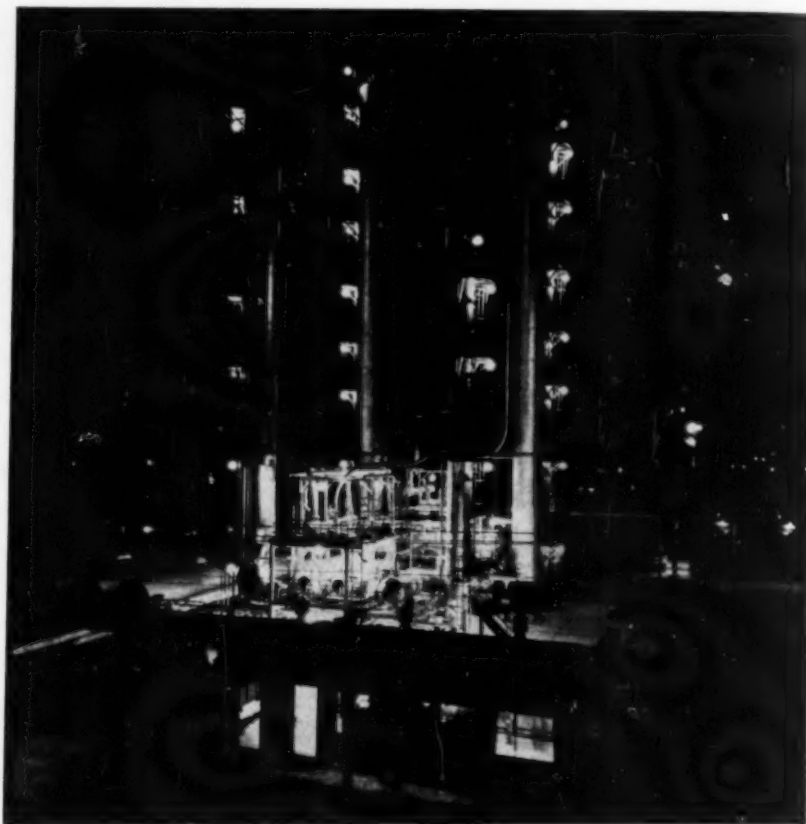
• **Progress Reported**—The magazine, printed by the Government Printing Office, has an attractive format and reports progress made in various areas in coping with problems raised by the defense program as it unfolds. For instance, there is the defense problem in the Hampton Roads, Virginia, region, with a normal population of several hundred thousand. In this area there are 18 military posts, the Newport News Shipbuilding and Drydock Co., two big navy yards which, plus industrial plants, probably represent \$500,000,000 in defense business and constitute the biggest concentration of defense activity in the country. There has been an influx of some 50,000 workers already.

To Douglas S. Freeman, editor of the Richmond Times-Dispatch and chairman of the state defense council,

was put the question: Would the state council take the responsibility for coordinating the job to be done? Being good states' rights folks, Mr. Freeman and his colleagues said sure, they'd do it.

• **Coordinated Setup**—A regional council has been set up with Major Raymond B. Bottom of Newport News, as chairman and Hugh Pomeroy, ex-official of the state planning board, as full-time executive to pull things together. Expenses will be shared jointly by the state and cities in the Hampton Roads area. Pomeroy is surveying housing and a host of other problems. Early in the game an agreement was reached with the resort hotels and cottages to keep open this winter. Four thousand dwelling units now are under construction by the USHA in cooperation with the local housing authority. The State Health Department has opened eight new venereal disease clinics.

Under this coordinated set-up the Public Roads Administration and the War and Navy Departments are sitting in with state and local agencies on the problem of new highway construction



TOLUENE FROM TEXAS

Toluene, the basic ingredient of T.N.T., has always before been produced from coal. Last week the Shell Oil Co. opened a new plant in Houston, Texas, where toluene will be

made from petroleum (BW—Aug. 10 '40, p.39). The plant was built in four months—by C. F. Braun Co., Alhambra, Calif.—finished a month ahead of schedule. It will produce 2,000,000 gal. of toluene annually—enough to make about 20,000,000 lb. of T.N.T.

and how to finance it, and the same approach is being made with respect to hospital facilities, sewage facilities, recreation and other community services.

• **What Kind of a Town?**—In Charlestown, Ind., where du Pont is building a huge powder plant, the problem of picking up the load presents another face. You have a town of 900 people in the outskirts of which is building a plant to employ 8,000 to 10,000 persons. Here it isn't only a question of providing adequate housing, sanitation and traffic facilities, but whether deliberately to create a ghost town, such as Nitro, West Virginia, in the last war, or try to evolve a long-time plan which looks to utilization of the area as a suburb of Louisville, 20 miles away across the Ohio River.

A local defense council has been established and Henry Steege, city engineer of Indianapolis, has been put in as coordinator for the Charlestown region, and the National Resources Planning Board has detailed Ladilas Segoe, a city planning expert, to the scene. These two experts are now working out the Charlestown muddle with federal, state, and local agencies.

• **Frank Bane at Helm**—Head of the Division of State and Local Cooperation is Frank Bane, executive director of the Council of State Governments. His associate director is Daniel W. Hoan, 24 years mayor of Milwaukee. The division has no field staff, but a current series of regional meetings includes Chicago, New York, New Orleans, and St. Louis. The object is to discover local bottlenecks due to lack of coordination in defense activities and to vest as much responsibility in local bodies as they can absorb.

In a broad sense, the state and local defense councils are outposts of the Defense Commission in Washington. The job of the Division of State and Local Cooperation is essentially a channeling job, a two-way line of communication between the local communities and the states and the federal government.

STATE BARRIERS DOWN

First indication that national defense may be the solvent for breaking down many of the trade barriers that have grown up between states (BW—Jul. 15 '39, p31) was provided last week by the state of Arkansas when it announced the conclusion of agreements for "full reciprocity of privately-owned motor trucks and automobiles" with five bordering states—Missouri, Mississippi, Oklahoma, Louisiana, and Texas.

Highway truckers—the group which has probably most vociferously complained about variations in state taxes and regulations, particularly since the inception of the national defense program (BW—Nov. 23 '40, p18)—frankly re-

NOW, HARRY HAS THE TIME OF HIS LIFE



THIS calendar — preposterous, isn't it? Of course, no one would have such a monstrosity on his desk, but it does point a moral — *too much or too little machine wastes time and money.*

This is specially true in figuring machines; Monroe has models for steady, volume figure work; others for part time, less complicated work. And speaking of calendars, the year-end rush of figure work is throwing the spot-light on figuring equipment right now.

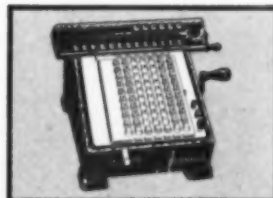
MONROE CAN FIT YOUR FIGURE WORK LIKE A GLOVE

One reason that Monroe predominates in the field of business figuring is the wide range of Monroe models. Take adding-calculators; Monroe has no less than two dozen models ranging from the small, hand operated Model L to the A-1, the most completely automatic multiplying and dividing machine on the market.

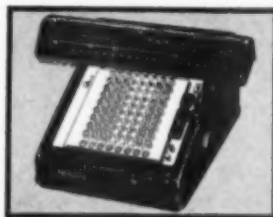
There is a Monroe for every figure job—adding-calculators, adding-listing, bookkeeping, check writing and check signing machines.

MONROE

MONROE CALCULATING MACHINE COMPANY, INC. • ORANGE, N. J.



Lowest priced keyboard adding-calculator on the market (Model L). Multiplies, divides, adds, subtracts. Spot-proof keyboard. Lightweight portability. Hand operated. Ideal for office figuring or use at home.



Monroe Calculator (Model MA-7W). Simple and sturdy. Electric carriage shift and dials clearance. Divides automatically without pre-setting of levers. Priced to fit any budget. Economical for volume figuring or occasional use.

joined at the news. In the states' administrative agreements they felt that they saw a speedier solution to their difficulties than waiting on the action of state legislatures.

\$60,000,000 SUBWAY OPENS

Five years, \$60,000,000, and superlative engineering were expended before New York City's new Sixth Ave. Municipal Subway opened its 24 miles this week. Starting from W. 4th St., just off Washington Sq., its multi-million-dollar tracks thread north under Sixth Ave., to 53rd St., and northwest to 59th St. and Eighth Ave., under and over the tracks of at least seven other subways to provide additional rapid transit for Queens, Washington Heights, the Bronx, Brooklyn, and lower Manhattan. Originally projected as a trench, or cut-and-cover, job, the contractors had to tunnel through a dozen city blocks of hard rock, shale, quicksand, and underground streams.

The new subway adds about 1,000 trains a day to 2,300 that are already in service on the city's Independent ("Eighth Ave.") lines, will carry 40,000,000 nickel passengers annually.

MEDICAL FLYING CLASS

A unique flying class—to improve and simplify methods of physical examination by which fitness and ability of prospective pilots may be predetermined—has been formed in Rochester, Minn., by the federal government and the Mayo Foundation. Ten Mayo doctors, most of whom are without flying experience, are taking the CAB civilian pilot training course along with students of Rochester Junior College, who are under observation as part of the doctors' research.

The medical men—each a specialist in a pertinent field (such as vision, hearing, heart)—hope to be able to supplement present theories on the behavior of the body under flying conditions with actual experience and close observation. Co-operating with the government, Mayo will foot the research bill; the government will pay the cost of the doctors' flying lessons.

EXPOSITION OUTLOOK

Contrary to expectations that defense efforts and consequent oversold conditions among manufacturers would trim the number of exhibitors in the various shows and expositions of 1941, a survey among members of Exhibitors Advisory Council, 120 Greenwich St., New York, indicates that participation will be on a par at least with 1940. Number of shows projected will be the same, according to the Council's new "Annual Schedule of Shows and Exhibits for 1941," price \$5 to non-members.

LABOR & MANAGEMENT

Ford Issue Flares

Hillman tells President truck-auto contract threatens to disrupt smooth workings of defense labor-peace setup.

When President Roosevelt called Sidney Hillman to head the labor division of the Defense Commission he is reported to have said, "Your job, Sidney, will be to keep the labor boys in step. Get them behind this job."

This week, as the President returned fresh and tanned from his 11-day tour aboard the Tuscaloosa, his top labor man awaited him. Hillman's business with the chief executive was Henry Ford and government contracts.

• **Ford Contract Is Issue**—This was not the simple posing once again of the vexing question of whether firms violating labor laws should get defense business. Nor did asking the President for a decision imply a showdown. Hillman was simply prepared to submit a brief to support his contention that his job of keeping unions wholeheartedly behind defense production would be very tough to handle if the government executed a contract with Ford for \$2,012,700 worth of trucks and autos.

Despite great pressure from union heads, Hillman has taken a moderate position regarding crackdowns on bidders for government business who have been held in violation of the Wagner Act. Where there were other bidders with purer labor records, Hillman has been instrumental in keeping contracts from suspect firms. But, with national defense as the big objective, he has not been insistent in any protests when accused firms received orders which they were uniquely equipped to handle. Thus, there was no fuss when Ford was included in the airplane-engine procurement program, since non-use of the Ford facilities would impose a definite handicap on defense.

• **How Present Case Differs**—As regards trucks and autos, Hillman agrees with his Labor Policy Committee, made up of union leaders, that the equipment could just as well be made by other firms and that the interests of labor and defense need not conflict.

Hillman's argument at the White House is that production of the order is threatened by the Ford Motor Company's "violation of the law," and that as long as the company refuses to be party to "bona fide" collective bargaining with the Auto Workers Union there exists the possibility of strikes and alter-

cations which will hamper defense. In effect, Hillman told President Roosevelt, "I can't reasonably expect cooperation from labor for a program which, without apparent reason, scorns its interests."

• **Peace Record to Date**—That the defense commissioner would be carefully listened to was certain. His record thus far in getting unions to keep the peace has been considered especially good. The "ounce of prevention" technique has been applied on a wide scale.

Capstone of the "labor peace" set-up is the Labor Policy Committee of the National Advisory Defense Commission. Its members are eight A.F.L., six C.I.O., and two Railroad Brotherhood union chiefs (BW—Jul.14'40,p24). The industries in which their organizations operate are the key areas of defense production. Hillman presides, and as disputes shape up which may interrupt production, the facts are sought in this committee's sessions. The 16 men function individually as conciliators in local situations where units of their unions become embroiled with employers.

• **Defense-Conscious**—Their job is to keep their members "defense-conscious," compromise labor-management differences in the national interest. But,



Edwin D. Bransome, president of the Vanadium Corp., is the man on the Defense Commission who steps in to make sure the employer is being reasonable whenever a labor dispute threatens to snag production of any defense material. Mr. Bransome serves without a salary. He worked for the government once before, when he was NRA deputy administrator of the rubber industry code.



Isador Lubin, U.S. Commissioner of Labor Statistics, is the man on the Defense Commission who makes labor listen to reason when the going gets too hot for the Labor Department's Conciliation Service. Lubin told the Tolan committee on migrant workers last week that defense contracts ought to be required to provide "labor amortization" in the form of dismissal wage benefits, to prevent too serious an economic let-down when the U.S. goes back to peace-time production.

if one of them is convinced that a section of his organization is being gouged by some "unreasonable" employer, he's apt to throw his weight around and demand action.

That's Hillman's cue to get the Conciliation Service of the Department of Labor, venerable practitioners of the oil-on-troubled-waters technique, on the job. Between this agency and the Defense Commission, there is now the closest cooperation. Actually the professional conciliators are not supposed to intrude themselves into a dispute without being invited. Hillman's labor contacts are so good that he can usually see that they are invited.

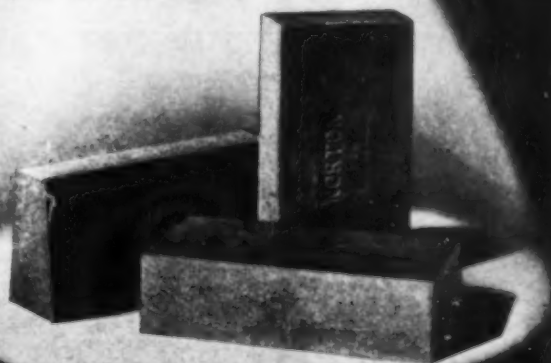
• **Conciliation in 40 States**—The Conciliation Service has done a brisk trade. In November, for example, it mopped up 271 strikes, threatened strikes, lock-outs, and controversies involving 122,615 workers. It operated, in that month, in 29 major industrial fields and handled disputes in 40 states, the District of Columbia, and Hawaii. This month it contributed to the peaceful conclusion of Chrysler's union negotiations, a matter involving some 60,000 employees. Backed by the prestige of the Defense Commission, it gets results.

But occasionally it encounters a very tough nut. Then it reports to Hillman and he brings up the big guns. There

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are two of them, one for the union men and the other for management.

• **Lubin to the Rescue**—The field piece trained on recalcitrant unionists is the persuasive labor specialist, Isador Lubin. Dividing his time between the Bureau of Labor Statistics, which he heads, and the job of special aide to Hillman, Lubin has assumed what is for him a new rôle. Respected and liked by all sections of organized labor, the scholarly civil servant has turned out to be a particularly effective peacemaker.

Lubin works on the union by preparing a battery of figures which demonstrates the union's unreasonableness, appealing to logic, patriotism, and fair play. Often sooner than later, he makes his point and gets things settled.

• **On the Employer Side**—When the Defense Commission got started, and its labor division ran into a dispute in which Conciliation Service was convinced that management was pig-headed, Hillman used to ask Stettinius to soften up employers. As Stettinius soon found himself too busy for the job, he nominated Edwin D. Bransome. Bransome, president of the Vanadium Corporation of America, is now Hillman's trouble shooter on the employer side of the fence.

Describing himself as a man who couldn't get a job handling labor relations in a grocery store, Bransome, himself a top industrialist, is effective because he understands and shares industry's point of view.

• **He Fights, He Pacifies**—Readily accessible to all employers faced by labor trouble, he fights hard to protect their interests. When he is convinced that they're wrought up unnecessarily, he pacifies them; when he is convinced they're in the wrong he argues, curses, raises hell with them; but he gets along with them for they know he's no starry-eyed reformer, no New Dealer—in fact, he more than likely will be a member of their club. And he does it, though he'd rather be tending to his business in New York, because he puts national defense above everything else.

Bransome has been in dozens of disputes from coast to coast. His most recent success was getting a stubborn Tacoma lumberman to go along with the rest of the employers in agreeing to a compromise which settled the lumber strike. And he can keep what for him is strange company, working hand in glove with Hillman and Lubin. Reason: "They're just as keen on getting armed as I am. And they play square."

• **No Regional Offices**—Satisfied that it is getting the best possible results, the labor division has abandoned plans for setting up regional offices to prevent labor disputes. It believes that more pressure can be put on from Washington. It is engaged now in enlarging a staff of itinerant labor "agents."

The repressive labor legislation pro-

posals which are now choking the congressional hopper don't bother the labor division very much.

• **Record of Last War Cited**—Division aides point to 1917-1918, when scores of such measures were introduced in Congress. It is natural for the times, they say. None of them passed then, none is likely to be accepted now. Actually, the more practical proposals, like the suggestion for compulsory arbitration of disputes in the defense industries which is incorporated in the Smith bill, are opposed by such employer groups as the National Association of Manufacturers with as much intensity as they are opposed by labor.

Of course, if another widely publicized dispute gets out of hand, like the Vultee strike (BW—Nov. 23 '40, p. 56), all bets are off and public opinion may turn

the scale in favor of strict anti-strike and anti-union laws. But the Defense Commission's labor division is confident that it has the machinery which can handle most eventualities.

Men Back Bridges

Despite the boos, they accept waterfront contract, and vote is taken as evidence that they are tired of militancy.

Harry Bridges made the rounds of his favorite night spots in San Francisco last weekend to celebrate acceptance by the Coastwise membership of his International Longshoremen's & Warehouse-



CAMP CONSTRUCTION

Cantonment building has lagged far behind the original schedule throughout the U. S., and in northern camps, where a severe early winter brought with it a widespread attack of influenza and colds, the delay in finishing barracks has occasioned severe hardship for Army men and draftees living in winterized tents. Lacking heat even

for their partly-completed hospital, authorities at Fort Dix, N. J., built trackage and moved in a 123-ton steam locomotive as a temporary heating plant last week. Perhaps the biggest construction delay was at Fort Meade, Md., where workers were literally being hired in droves. Hundreds of men are being transported to the fort from Washington, D. C., every day in a fleet of 50 taxis.



men's Union of the two-year contract he had negotiated with the Waterfront Employers' Association of the Pacific Coast. The Australian had returned to home base after a speaking tour in favor of the contract which had taken him from San Diego to Portland and Seattle. He had been booed by his own men in Portland and Seattle so loudly that he had been obliged to quit speaking). The booing was mainly to show disapproval of Bridges' recent political exploits, especially his pre-election opposition to Roosevelt. When it came to voting on the contract, all locals except Seattle returned a majority in its favor. Portland's vote of nine to one in favor was due largely to the efforts of Roscoe Craycraft, who represented the Portland local in the San Francisco negotiations.

• **Tired of Trouble**—Significance of the vote is its indication that the rank and file is fed up with Bridges' former militant tactics—with forever being on strike or on the verge of striking. Bridges shed his militancy last month (BW—Nov. 16 '40, p. 34). Apparently the men are ready to settle down to steady work under conditions which they've known all along to be decidedly favorable compared with those under which their Atlantic and Gulf Coast brothers work.

This is important because it shows the men are reasonably anxious to live up to their agreements, a state of affairs which the employers long have considered basic to any contractual relations with the union.

• **Guarantee of Observance**—Back in 1936, when a contract was about to be signed, the employers—recalling former instances when Bridges had told them the agreement would be kept and it wasn't—asked him what assurances there were that the current pact would be kept. The cocky Australian replied: "We mean it this time."

In the case of the present contract, Bridges answered the question before it was asked by offering the signatures of Philip Murray, new C.I.O. president, and ex-President John L. Lewis, to a written guarantee of observance.

• **Contract Terms**—Briefly, the new agreement, which runs to Sept. 30, 1942, includes most of the terms for which the employers have been fighting for the last six years. It eliminates the job action or "quickie" strikes which have plagued West Coast waterfronts since Bridges first arrived on the scene in 1934 and which have cost shipowners, shippers, and workers, millions of dollars. It bans the slowdown.

These two features (along with a guarantee of observance to back them up) leave the employers with little to be desired and, incidentally, mean steady work at a minimum wage of 95¢ an hour (\$1.40 overtime) for the men.

• **Flexible Wage Scale**—The contract provides for semi-annual wage reviews beginning next Feb. 1 with increases to

"Jones—you're a monkey wrench in human form!"



"Interruptions all day long—I can't even dictate! Things like this are slowing us down all along the line!"

HOW can you blame a man for not getting things done when he's constantly interrupted? It's the system that's causing these bottlenecks.

If work is to flow smoothly, you have to do the things that need doing when they should be done. Your secretary should be blocking those interruptions. Doing her own work—at her own desk. Not sitting at yours, writing down things that must be rewritten later.

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put your memos and instructions into action, to intercept time-wasting interruptions and perform other secretarial duties for you.

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depend on elimination of the slowdown. It allows employers to introduce labor-saving devices with the proviso that if the earnings of the men appear to be threatened, their continuance will be the subject of negotiation between employers and the union.

• **Full-Time Arbitrator**—Machinery for settlement of disputes is set up, including a "committee" for each port with a Coastwide committee to handle appeals from their decisions, and a full-time arbitrator, on call daily, who will have final say on all disputes. Both sides are trying to get Wayne Morse, youthful dean of the University of Oregon Law School, who has established a successful record as an arbitrator of West Coast labor disputes, to take on the job.

Next worry on Harry Bridges' horizon may come from the Justice Department. In Florida this week G-Man J. Edgar Hoover told reporters that evidence indicated Bridges ought to be deported and the Communist Party outlawed. Hoover said the evidence was contained in a 2,500-page report which he had turned over to the Attorney General, and that any action would be up to Mr. Jackson and the courts.

• **Exonerated by Landis**—Almost a year ago (BW—Jan. 6 '40, p. 39), Dean Landis of Harvard Law School, investigating for the Labor Dept., found that the evidence developed then "establishes neither that Harry B. Bridges is a member of nor affiliated with the Communist Party of the United States of America."

EASTERN AIRCRAFT DRIVE

Aircraft labor problems, spotlighted on the West Coast by the Vultee strike (BW—Nov. 23 '40, p. 56) and subsequent union drives in the Douglas and Ryan airplane plants, cropped up in the East this week.

Two thousand employees of the Brewster Aeronautical Corp., at work on Navy planes, rejected a contract proposed by the company and voted almost unanimously to return it for further negotiations. The workers, members of the United Automobile Workers' Union (C.I.O.), are part of 5,500 employed by the company at its Newark and Long Island City plants. Differences arose when the men, employed under an agreement setting a 50¢-an-hour minimum, asked for an increase. Although the old agreement expired last week, the men will continue working under its terms until a new one is negotiated.

Meanwhile, Wright Aeronautical's Paterson, N. J., management announced the signing of an agreement with an independent union, The Wright Aeronautical Employees Association. It provides for wage increases, exclusive bargaining privileges, and arbitration of disputed points. Affiliated union spokesmen charged that Wright was dealing with a company union.



Representatives of the Dress Joint Board of the I.L.G.W.U., of three manufacturers' and jobbers' and two

contractors' associations in New York's dress center, start negotiations for a new contract.

I.L.G.W.U. "Bomb"

Seven planks calling for reorganization of New York's ill dress industry are presented to jobbers and contractors.

New York City's largest industry is still, for the most part, primitive. The evolutionary forces which have transformed the American economy into an efficient, mass-producing, rationalized system touched only lightly the manufacture of women's clothing. Last year, New York dress manufacturers employed about 75,000 workers. The wholesale value of their product was well over \$350,000,000. Yet in spite of its vastness, the organization of the industry is hardly more advanced than it was in the handicraft stage.

The industry is sick, and its affliction has been bred by the archaic structure through which it operates. Each year sees fewer producers able to survive in the New York market, each year sees New York, although still the leader, doing a smaller share of the national volume, each year brings more "permanent unemployment" to the industry's workers.

• **Classic of Confusion**—The business of manufacturing and selling dresses in New York is a classic of industrial confusion. Best illustration of the extent of the disorganization is afforded by the division of the industry into five trade

associations—the National Dress Manufacturers, the Popular Priced Dress Manufacturers, the Affiliated Dress Manufacturers, the United Popular Dress Manufacturers, and the United Better Dress Manufacturers.

This complexity is compounded by the fact that in all five of these associations there are very few bona fide manufacturers in the sense in which that term is commonly used. In the New York dress industry, the manufacturing function is split between two types of operators, known as jobbers and contractors (in the trade association list above, the first three groups are composed of jobbers, the last two of contractors).

• **Jobber vs. Contractor**—The jobber is a manufacturer in so far as he exercises entrepreneurial and selling functions. However, he doesn't actually make the dresses; this is the function of the contractor.

Basically, this is how the system works: The jobber buys the material that he wants made up into dresses. He then takes the goods to a contractor to be made up into dresses of a designated model to retail at a particular price. Sometimes the dresses are produced by the contractor for a set fee; more often he actually buys the material from the jobber and then sells the dresses back to him at an agreed price. The transfer of title from jobber to contractor during the process of production permits the jobber to operate with a smaller capital investment, for the contractor is thus forced to assume a por-

PRODUCTION STOPPED TOO SOON!

DUE TO A VALVE THAT FAILED

**A CASE FOR
PREVENTIVE
MAINTENANCE**

THE steady clang of the time clock rang an accompaniment to the departing workmen.

The plant superintendent glanced at his watch—"Only the middle of the afternoon," he muttered, "and here's the plant shut down!"

He strode into the shop and hunted up the engineer. "We have to do something about this kiln," he snapped. "Tied up again with heating trouble and here we are swamped with orders!"

The engineer nodded his head. "I've taken steps to see that this won't happen again," he said. "See this 4-inch pressure regulator—it's the cause of our trouble. That valve is so large that it's constantly throttled—the seats become wiredrawn—the valve leaks and the pressure builds up. As a result, we can't control the temperature in the kiln.

"I talked it over with the Crane representative, and we decided

that a 2-inch pressure regulator would do the trick. It would give us ample steam for heating the kiln—the seats won't cut because the valve, being smaller, will open wider. And we'll get much better control."

This is an example of how Preventive Maintenance directed the correct valve to solve the trouble in a woodworking plant. Preventive Maintenance applied by your engineer or the man responsible for piping in your plant will prevent trouble before it has a chance to start. Preventive Maintenance assures the correct selection of the valve for the job it has to do. It means an increase in efficiency, the prevention of trouble as well.

Why not call your superintendent or the man responsible for piping maintenance, and suggest that he get in touch with the Crane Representative. Preventive Maintenance applied to your pipe lines now will stop trouble before it has a chance to occur.



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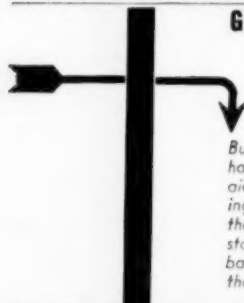
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TOILET TISSUES

VICTORIA PAPER MILLS CO., FULTON, N. Y.

tion of the cost of carrying on the business. When the jobber gets the dresses back, he sells them to the retailer in more or less orthodox fashion.

• **Intense Competition**—There have been many almost incredible variations on this theme, but regardless of the variations the competition always has been intense, particularly among the contractors. As a result of this competition, labor frequently suffered in the past, for when two contractors were bidding for a choice jobber's business, the bidding was likely to be in terms of lower wages for employees, since wages were the one item in a contractor's cost of doing business most easily cut.

For the jobber, this system had many advantages. It freed him from the burden of production, relieved him of any responsibility toward labor, and left him free to devote his time and energy to merchandising. This system was flexible, permitting rapid expansion or contraction, with little obligation for overhead. It made it possible for men with small capital to do, proportionately, an enormous volume of business. Even today, with this system still operative, a jobber with an investment of \$10,000 will have an annual turn-over of between \$100,000 and \$150,000.

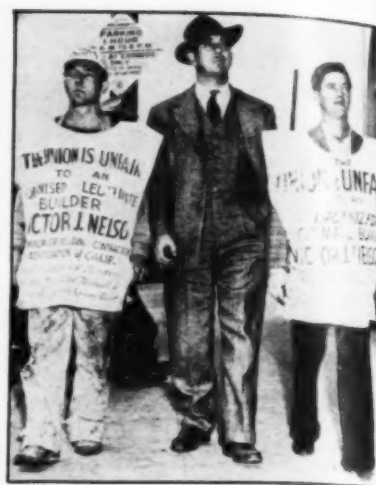
• **Costs at a Minimum**—In the cheaper dress line, the jobbers did not even do their own designing. The contractor supplied the style, cut the garments, made them up, pressed them, and delivered them to the jobber at a price agreed upon in advance. Competitive bidding between contractors reduced production costs to a minimum.

All a contractor needed to do to go into business was to make a down payment on some second-hand sewing machines; make a place for them in his attic, cellar, or parlor; invite newly arrived immigrant friends or relatives to live with him; and give them the opportunity to work off their board bill by operating the sewing machines.

• **Crusade of 1909**—So deplorable did the plight of workers in the industry become that in 1909, when a spontaneous strike broke, such society notables as Mrs. O. P. Belmont and Anne Morgan of the banking families marched with the workers on the picket lines as participants in what was considered a great social crusade.

A Union is Born

After decades of uphill struggle, the International Ladies' Garment Workers' Union was established. Its object was to set minimum standards and enforce them. It soon found that "policing" the garrets and hide-aways where contracting shops were located was impossible. So, in 1936, after a long fight, it fixed responsibility for labor standards on the jobbers. A joint industry association-union board was set up to see that no jobber let work to a contractor who



TURNABOUT

Victor J. Nelson (center), building contractor, turned the tables on the Central Labor Council in Glendale, Calif., last week when he and two of his employees picketed the council for being "unfair" to Nelson. The contractor said members of the A.F.L. building trades council were picketing a hangar he was putting up at Grand Central Air Terminal, but he didn't have any idea what the controversy was all about. The union claimed he was paying substandard wages.

was chiseling on the agreed minimums.

• **Pressure for Standards**—In the meantime, as the period of rapid expansion of the industry came to an end, the accumulated dissatisfactions of retailer and consumer with the product of the industry found expression. Poor quality, lack of standards, improper sizing were a few of the evils that resulted from lack of jobber supervision over contracting shops. Against his will, the jobber began to evince an interest in production; but it was the least possible amount of interest that he could get away with.

Concurrently, the area of competition was broadening. No longer was New York the sole source from which the retailer could obtain dresses. Enterprising business men in St. Louis, Kansas City, Dallas, and other places, not shackled by New York habits, built dress factories, combined the function of manufacturer and merchandiser to make and market women's wear by modern methods. Soon they were cutting substantially into the New York market.

• **Reorganization Blueprint**—Thus, short of a fundamental reorganization, the life expectancy of the New York market as a major producing center became extremely limited. This week the trade

was discussing the blueprint for just such a reorganization.

Six months ago, its current agreement having still half a year to run, the International Ladies' Garment Workers' Union hired management engineers, production consultants, and economists. It set them to work making a comprehensive survey of the New York market.

• **What the Survey Showed**—The survey revealed that the average income of a worker in a contracting shop was \$935 for 1939. For the much smaller number of employees of jobbers it was \$1,252. The conclusion, as the union expected, was that labor costs were not contributing to the industry's ills. It fixed the cause of the malady in other sources. There were found to be, for example, few adequate systems of cost accounting used by employers. Production units were too small to be economical; foremanship and supervision were unknown or neglected arts.

Blueprint for Change

Julius Hochman, manager of the I.L.G.W.U.'s New York locals and initiator of the survey, pondered the study's data. Out of it he shaped a "program for reconstructing the industry." Last week he called all the factors in the industry together, laid it before them. His audience was made up of 150 representatives of the jobber and contractor associations. The occasion for the gathering was the beginning of negotiations for a new contract between the union and the employers. In effect Hochman said, "The union is asking no higher wages or shorter hours. This is what we want." And he read to the assembled employers a seven-point reorganization plan.

• **The Union's Program**—Hochman's planks, perhaps the most curious union "demands" ever presented, call for:

(1) A strong promotional campaign, which the union will help finance, to increase the demand for dresses, to establish New York as the world's style center, and to open the Latin American market.

(2) Larger production units, through amalgamation of contracting shops, and with jobbers encouraged to enter actual manufacturing.

(3) Closer relations between jobbers and contractors.

(4) Schools of management for foremen, and supervisory training.

(5) Production planning to cut down seasonal idleness.

(6) Introduction of cost-accounting systems to end guesswork.

(7) Formation of an industry committee to improve relations with retailers and work out "fair trade practices" for industrial self-government.

• **Talking It Over**—This week the trade was meeting with union committees to discuss the proposals. Charts, tables, and figures were being milled

over. Hochman, speaking for the union, pledged "cooperation in every possible way to effectuate the program."

Employers knew that, if they didn't do something soon, the fate of their industry was sealed. Some of them appeared willing to give the union plan a trial. Others were non-committal. All of them shared the suspicion that, if they didn't accept the union's plan or some alternative, Hochman might step up with demands for whopping wage increases and prepare for a strike.

• **Agency's Presentation**—Right off, Hochman's first demand was accepted in principle and moved, through joint effort, toward realization. Clinching acceptance of a far-flung promotional plan which may amount to \$1,000,000, was the presentation submitted by a top-flight advertising agency, J. Walter Thompson (BW—Nov. 23 '40, p. 45). Committees were immediately formed, with representatives of the three jobber groups and the union, to chart ways and means.

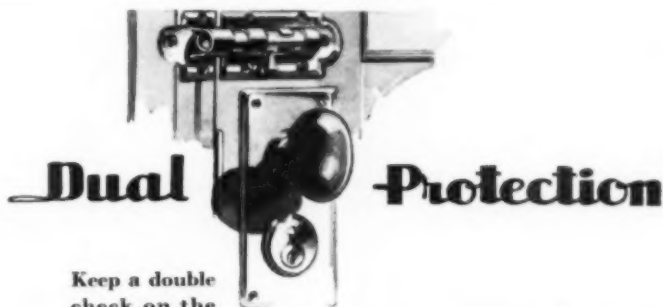
There is no guarantee that J. Walter Thompson will be retained to do the job, if it comes through, but all factions were clearly impressed by the presentation. The presence of Mrs. Stanley Resor, wife of the agency's president, at Monday's meeting, is an indication that J. Walter Thompson doesn't regard the potential account as chicken feed.

Manufacturers were shocked into a new realization of their troubles when the J. Walter Thompson presentation reminded them that American women spend less on their dresses than on what they wear under them, that 69,000,000 dress patterns were sold in the U. S. last year, that 25% of all piece goods are bought by women across retailers' counters.

Other points in the union's program will not be so easily "sold." Intensive discussions, lasting perhaps weeks, are expected to prevent rapid developments.

WORSTED RAISE DEMANDED

Demanding that "industry share with its workers whatever benefits are derived from government contracts," the C.I.O. Textile Workers Union of America last week opened an intensive drive for membership among this country's 90,000 worsted workers—most of whom are concentrated in New England and the Middle Atlantic states. Although they did not name any specific wage figure as their goal, union leaders—conferring at Boston—said they would not hesitate to strike if other means of solution failed. Industry leaders—realizing that "profits on national defense business" have been the excuse for strikes in other industries (the Vultee strike, for example)—prepared to meet specific demands as best they can when—and if—presented.



Dual Protection

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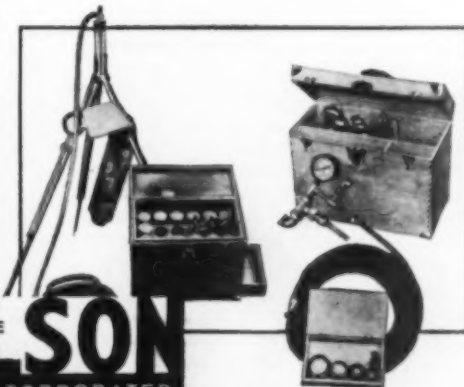
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MARKETING

Hardware "Cure"

It's being sought by big Chicago jobber with plans for 10 experimental stores, designed to modernize retailing methods.

Last week Hibbard, Spencer, Bartlett & Co., big Chicago hardware jobber, opened in a suburb the first of a string of 10 experimental stores, situated where they will not compete with its dealers. Store No. 1 burned down after its first day's business, but the program is going ahead as planned.

Hibbard's President Charles John Whipple insists that his firm is not going chain-store, that he would prefer after a few months to sell its test stores to merchants willing and able to run them to H-S-B specifications. His house wants authoritative data, not retail profits.

• **You Can't Bite It**—Trade experts cannot even agree on what constitutes hardware beyond saying it is something you can't bite. They know that plenty ails hardware retailing, but they cannot get together on the diagnosis. Hibbard purposes using its new stores to find out what's wrong and how to cure it—in other words, how to make hardware stores pay. The big wholesale house is pretty sure it already knows the answers. But it needs to build up rock-ribbed proof that the Joe Doakes Hdw. Co. of Pesotum, Ill., can no longer brush aside.

Plenty of specific questions await clinical answers, such as: Is a tinshop an essential hardware department or a drawback? The retail hardware trade evolved from a tinshop where the owner made stovepipe, bathtubs, and cooking utensils, and added "trinkets" such as tools and doorknobs for the convenience of his neighbors. Oldtime dealers cling to their sheet-metal shops, claim their stores would fold without them. Hibbard has for years asserted that the tinshop swallows merchandising profits and handicaps the proprietor's sales work.

• **Stocks are 40% Dead**—Hibbard wants to prove once and for all that the merchant should buy turnover goods of proved appeal instead of falling for the slick sales talks of specialty salesmen. Analyses of typical store stocks show 40% of the shelf items are dead ones, monuments to departed drummers.

Hardware and drug stores must carry 5,000 to 6,000 items apiece. They have followed similar patterns in evolution of conventional store stocks from a comparatively few old staple lines to a little of everything. No index exists for meas-

uring the shift in hardware stocks, but Hibbard has long kept track of its average annual invoice value per ton of shipments. In 1929 this was \$491, in 1932 \$324, in 1939 \$372.

• **Raids on Hardware**—Trend of total business done through retail hardware stores is unquestionably down, although total consumption of hardware lines is up. Variety stores have kidnaped kitchenware. Auto supply stores cut heavily into tools, bolts, and the like. Furniture stores have grabbed the big-ticket merchandise such as stoves and refrigerators. Drug stores sell roller skates and roasters and radios. And the raiding continues year after year. Despite such inroads, there are about as many hardware retail stores today as 20 years ago. The number holds almost constant.

The industry has developed no real chains, and only a few local strings of stores such as the Bunting group in Kansas City. Closest approach to chain units are the Sears and Ward stores that carry paint and fast turnover hardware items along with automobile parts and tires. One consequence of the retailers' ruggedly individual character is that the business is far behind other major lines in its merchandising standards and general know-how.

• **List Prices Are Out**—Retailers cherish such obsolete methods as ignoring customers' price preferences and putting uniform mark-ups on all goods whether fast or slow sellers. Suppliers coddle retailers' yen for broad margins by issuing catalogs with high-flown list prices to

which apply discounts such as 50-40-10-5-5.

H-S-B bolted the field three or four years ago by putting out its catalog with plain-figure recommended retail selling prices, setting low mark-ups on turnover items and higher mark-ups on shelf-warmers. Dealers gulped, but eventually most of them were reconciled to it. Incidentally, fair-trade price control has been highly effective in hardware specialties and advertised lines, as many a 1940 Christmas shopper has discovered when looking for, say, Wiss pink-ing shears at less than \$4.95.

• **Supervisory Service**—Five years ago H-S-B started out to offer its customers a merchandise supervisory service that, for \$6 a month, gives an independent hardware merchant every assistance that a grocery or variety chain manager gets from his employer.

Each month the subscriber gets a floor layout plan detailed for items and prices on each table and counter; window display photographs, complete with all requisites except the merchandise; store signs, and all the rest. He receives a list of turnover items to feature this month, mats for newspapers and broadsides. If he really follows the plan, he does a lot of business at an average mark-up of 32%. The big trouble is that most subscribers use a quarter or half the month's merchandising plan, skip the rest because it would be too much work.

• **500 Stores Modernized**—Besides this service, the firm keeps a dozen men in the field remodeling and re-engineering customers' stores on per diem fees—a job takes two or three weeks. In the past five years, 500 to 600 stores have been thus modernized. About 75% of



Despite the fact that its first store (above) burned down at the end of the opening day last week, Hibbard, Spencer, Bartlett & Co., Chicago hard-

ware jobbers, still plan to open ten experimental stores. The layout of the first H-S-B store was patterned after that of the variety stores.

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Volume of old-time hardware items dwindles year after year. For example, nail tonnage hit its peak perhaps 25 years ago, has shrunk by at least half because wooden construction lost ground to steel and concrete. Hardware stores replace the old staples with new lines. Sporting goods, housewares, and radios are relatively new, but have already been accepted by the public as hardware lines.

• **Furniture for Villages**—H-S-B found an opening because furniture stores in towns below 5,000 are scarce. Its sample floor keeps four salesmen busy. Most customers are small-town folks who come with introduction cards from home-town hardware dealers, make selections for drop shipments from factories. The sale is billed to the retailer, and he usually adds 10% to the invoice for himself.

Retail Revolution?

Dry goods field seems to be headed for supermarket methods. Latest evidence of trend is from Los Angeles.

Department store executives are beginning to wonder if they have an incipient revolution on their hands—one that presages changes in dry goods retailing similar to those which the supermarket has brought to the grocery field.

Cash-and-carry operation, elimination of all superfluous frills and furbelows, greater concentration on fast-moving items—these are the heart of the new movement. Its immediate significance is for stores catering to lower income groups. Begun a little more than a year ago in New Jersey, it is now ready to leap the continent.

• **Los Angeles by Easter**—By Easter, a cash-and-carry department store on the new lines, and in a decidedly new location, will open for business in Los Angeles. It will be a \$400,000 enterprise headed by Ben L. Strauss, who for 17 years has been vice-president and merchandise manager of the May Company, big Los Angeles department store.

It will be called the Gilmore Village Department Store. And it will be built at the Farmers' Public Market, which is everything that the name does not suggest to those who do not know their Los Angeles.

• **Pre-Developed Clientèle**—Started originally as a bona fide farmers' market to which growers brought their produce, the market had little success until it was developed as a shopping center for a wide range of food, and a restaurant was added. High quality merchandise, with savings due to cash-and-carry, attracted

a following of well-to-do customers.

• **"Gilmore Village"**—Ben Strauss decided that the location had a ready-and-waiting clientele for a department store offering a wide selection of merchandise with cash-and-carry economies. The customers won't have to wait long, for Strauss has construction started on a site leased from the Gilmore Oil Co., which owns a large block of land bounded by Third Street, Beverly Boulevard, Fairfax Avenue, and Gardener Street.

The famous Wilshire shopping district, developed by branch operations of downtown Los Angeles stores, is less than a mile away. But without the "farmers' market" there would have been no opportunity for a department store in the new location.

The new store is to have 230-ft. frontage on Fairfax Avenue, 865-ft. depth, and will be opposite the market on the north. The one-story building will be air-conditioned; its 75,000 sq. ft. of floor space are roughly figured as the equivalent of five stories in a downtown department store.

• **A Big General Store**—Merchandise in the \$1,000,000 stock planned for the opening will include everything carried by a department store except heavy goods like furniture. This is in accordance with the strict cash-and-carry policy, everything to be taken away by the customer in her own car, no service deliveries or charge accounts.

The promoters hope that the economies of the plan will cut prices 15% below those of the average department store. But, while everything will be low-priced, the range will be as great as in the downtown stores.

One decided economy in operation is that, whereas a new store elsewhere in Los Angeles usually has to make a heavy investment in parking lots, the Strauss store will have the advantage of using the ample parking facilities already established by the food market.

• **Prototype**—Stoutest proof of the soundness of the cash-and-carry idea for department stores has been provided by Hearn Department Stores, Inc. A little more than a year ago (BW—Sep. 30 '39, p37), Hearn's introduced the policy in its Newark (N.J.) branch (the company's main store is in downtown New York). At the end of twelve months of operation, the Newark unit had handled over 1,800,000 transactions and customers had "definitely endorsed" the idea.

In putting in cash-and-carry, Hearn's altered merchandising policies all down the line. In reality, the store has been conducted as a collection of specialty shops—with no more store-wide sales, and all advertising cut down. Each department has been promoted as a separate shop, and, in line with the specialty policy, each department has carried wider assortments. Department managers (there are now around 50 in con-

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trast to the former 24) have had wider responsibility.

• **Don't Mind Toting**—Hearn's has found very little resistance on the part of customers to the "carry" idea. Customers make several trips to their cars if necessary. Extra-large furniture items and the heavy home appliances are no longer part of the store's stock, and boys are available to help carry chairs, bridge tables, lamps, and pots and pans. For the relatively few patrons who want deliveries, Hearn's maintains relations with American Railway Express and United Parcel service; customers pay extra for the deliveries.

Hearn's has diluted its cash policy just a bit in the past year through the adoption of shopping coupons, which can be used in place of money in making purchases at the store. Coupons come in books of \$25 to \$50, and can be paid for over five months' time. However, since the customer pays a 63¢ service charge in advance on a \$25 book, Hearn's points out that cash customers are not made to help pay for services given to credit and delivery customers.

• **Macy Move**—The most recent extension of dry goods cash-and-carry came when giant R. H. Macy & Co., of New

York, opened a branch in Syracuse (BW—Nov. 16 '40, p. 54). This store is semi-self-service.

One of the most spectacular examples of dry goods cash-and-carry is Sam's Cut Rate, Inc., in Detroit. In its November 13 issue, *The Retail Executive* reported that Sam's, although not a full department store, has grown to second place in the Detroit downtown shopping district, with an expense rate some 8.3% below department stores of the same volume classification. "The way Sam's did it was to cut out all the needless frills . . . a low-priced location . . . spot cash . . . customers carried their own goods."

Hogs Sold by Yield

Carcass-grade marketing, rewarding producers of better animals, reported gaining on traditional live weight basis.

A new method of marketing hogs, computing payment to the seller after slaughter on the basis of yield and carcass grade rather than on live weight, is

FREE KILLING

Custom-killing of hogs for farmers is offered free by Geo. A. Hormel & Co., meat packers at Austin, Minn. The grower brings in his hog one day and on the next gets back all the pork and lard, clean and chilled, the packer retaining the offal, including the head, as payment.

When the practice was begun more than two years ago, the prices of casings and other usable parts were adequate compensation for the work, but they have shifted since, mostly downward. However, the innovation is a good-will builder and a striking object lesson in the narrowness of packing-house earnings per hog, equivalent only to what in home-butcherling would be mostly thrown away.

gaining ground. Beginning Oct. 1, this so-called rail settlement basis was adopted for all hogs sold in Canada. And recently a representative of Geo. A. Hormel & Co., packers at Austin, Minn., who have been experimenting with it for a decade, told a South Dakota farm audience that producers were increasingly demanding it.

The immediate benefit is that producers of animals yielding more and better meat get a premium. The long-range result may be such an improvement of hogs in general that the total crop will be worth more than it is now.

• **Inequitable**—Proponents of the innovation admit that the total return from hogs in any given area probably is not out of line with the total value of the carcasses. What worries them is this sort of thing, shown up in an Iowa test: Fifty-seven similar lots of good to choice hogs, bought by a packing company in the customary way, varied in price only 10¢ per cwt. But a check of the carcasses proved the range in actual value to be 55¢ per cwt. So the seller of the best, who should have had 55¢ per cwt. more than the fellow at the foot of the class, got only 10¢ more. It's hard to convince the former that he ought to buy a better boar.

• **Kinks Need Ironing**—Denmark has dealt on the carcass basis for a long time, and Great Britain has applied it to bacon hogs for the last 10 years. But because U. S. cuts are more complex—hams, loins, butts, picnics and the like—carcass grading is not per se a panacea.

Identifying hogs of different ownership which pass through intermediate hands, especially when they must be shipped long distances, is another problem. Tattooing the live animals upon the shoulders is solving it in Canada and in our own Corn Belt.

If the new system gains general ac-



DEMONSTRATION

Last week six Southern Illinois coal operators opened this exhibit just outside the city limits of St. Louis. (They are barred from the city proper—at a cost of 12% of their total sales opportunities—because their hand-fired coals are too high in volatiles for the anti-smoke ordinance.) The garage is heated with furnaces equipped to burn this hand-fired coal smokelessly, and is intended to get St. Louis voters hot about the extra costs of low-volatile coals. One furnace uses the Piersol unit, which has an upper and a lower grate. Raw coal is

shoveled in between, and the device flipped over, thus putting the fire on top of the raw coal to burn all volatiles. Another has the DeWitt fire bowl, divided in halves with a lid to cover a half at a time. Raw coal cokes in the covered half, and its volatiles burn as they pass through the hot, open half. When the furnace needs more fuel, the other half is filled and covered. The Illinois mine men have been stirring up public sentiment in St. Louis to modify the ordinance—and trying to suppress the "Boycott St. Louis" spirit in their home counties, lest it get enforcement officers' backs up.

ceptance, a slight added cost must be figured on for eventual installing of government graders in slaughter plants. In Canada it amounts to about 1¢ per cwt. live weight, and packers in this country estimate it would run about 5¢ per hog.

• **Advantage**—A clear gain for carcass grading from the packer's standpoint is the way it cracks down on "filled" hogs. Water and cheap feed given just before leading from the pen (or maybe a mile outside of town) never become meat tissue and serve only to complicate the dressing-floor problem. Naturally, producers who resort to filling lack enthusiasm for this newfangled notion.

Even its most earnest advocates caution against expecting too much from the plan too soon. They advise its gradual introduction on an optional basis. At Hormel's Austin plant, where farmers have the choice, more than 2,000 hogs were bought on yield and grade between June and November.

Further research on the system is indicated. The University of Minnesota Farm School is conducting experiments in cooperation with packers at South St. Paul. Iowa State College is also studying the problem.

Jewelry Sales Up

Marriage-license barometer works again, irrespective of stock market. Big Christmas expected by gem traders.

Any jeweler will tell you that his sales are proportional to two things: The stock market index and the number of marriage licenses. Lately, however, jewelers have become a little soured on trying to correlate their business with the whims of the stock market.

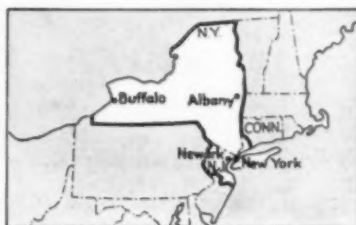
Wall Street was a good yardstick for jewelers back in 1929 (the trade's best year, as might be expected, with sales of all U. S. jewelry stores totaling \$536,000,000) and in 1937 (when sales hit \$312,000,000—a record for the thirties), but the charm hasn't worked this year. Stock prices are dragging along, while jewelry store sales for the first nine months of 1940 were 11.8% ahead of 1939, which fell just behind 1937 with a year-end total of \$307,000,000.

• **More Marriage Licenses**—Jewelers still swear by marriage licenses, though. The number of licenses issued this September in the 43 largest U. S. cities averaged a 29.1% increase over September '39.

Weddings and their appurtenances account for a good 25% of all jewelry store sales, and estimates are that upwards of 60% of the gem diamonds imported into this country find their way into engagement rings, which gives

The Regional Market Outlook

NEW YORK—Ranking among the nation's top sales spots are the heavy industry centers running across central New York state, and aggregating a market of 2,500,000 people. In Buffalo and environs, steel, aircraft, chemicals, and machinery industrials are responsible for the payroll and trade upsurge. At Rochester, the precision makers of lenses and photographic equipment like Eastman Kodak and Bausch & Lomb are busy on government ordnance orders. At Syracuse, it's



51,086 sq. mi. pop. 17,023,832

ATLANTA—Industrial activity continues to rise here. The cotton textile industry is running at better than a two-shift basis, with most mills on three shifts; some obsolete equipment is being brought into production. Textile centers like Banning and Columbus, Ga., and Huntsville and Phenix City, Ala., are good retail sales spots. Shipbuilding at Pascagoula, Miss., Mobile, Ala., and Tampa, Fla., is also increasing. At steel centers like Gadsden, Sheffield, and Birmingham, Ala., operations are geared to capacity and plant expansion is under way.

Retail trade has been especially good at such towns as Tullahoma, Tenn., Hattiesburg, Miss., and Anniston, Ala., because of army camp construction. Employment on these cantonment projects will be falling off from now on, but the influx of army units to these camps will offset this diminution in buying power.

Similarly, the large volume of residen-

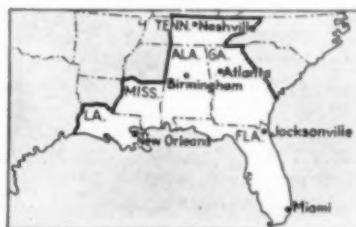
the metal and machinery trades; at Utica, metals and small arms; at Schenectady, General Electric's electrical machinery manufacture.

Better than average, too, is industrialized northern New Jersey, another market of 2,500,000 population. Standout sales prospects are Paterson, with its Curtiss-Wright engine division, Kearny, home of the Federal Shipbuilding & Dry Dock Co., and Elizabeth, electrical machinery center. Jersey City and Newark are more diversified with consumer goods plants, and income gains have been less marked there.

Upper New York state's farmers are finishing the best year in a decade, surpassing even 1937. Milk price boosts in the second half of 1939 served to lift receipts, and cream, fruit, and vegetable checks have been increasing, along with urban demand. But in coming months, farm income is not likely to expand so quickly as factory payrolls.

tial building in Florida which helped keep 1940 income running high there, will also be declining. But the tourist season now opening is likely to be the best in a decade.

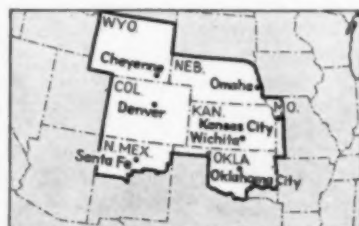
Agriculturally, this district is entering a more profitable season, too. For the most part, poorly-priced cotton and tobacco have been marketed, and in coming months, receipts from citrus and other fruits, vegetables, and dairy products will be up.



248,226 sq. mi. pop. 12,573,923

KANSAS CITY—Until now, defense has not figured importantly in this Reserve district's business. But within the past month plans have been developing under the new 12,000-bomber program (BW-Nov.23'40,p14) for the construction of assembly plants at Omaha, Neb., this city, and possibly Tulsa, Okla.

These factories will employ 10,000 to 12,000 persons each after completion some time next year. Moreover, in this city a \$73,000,000 small arms plant is to



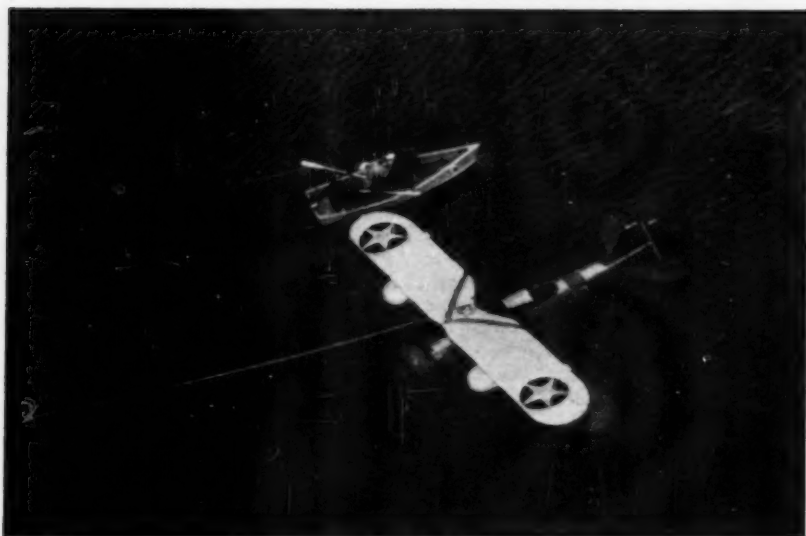
480,438 sq. mi. pop. 7,830,931

be built and a huge army quartermaster's depot is to be established.

As a result of these defense projects, which will boost industrial payrolls perceptibly in the coming months, and better farm prospects, merchants are optimistic. Indeed, retail sales already show rising tendencies—holiday volume is up sharply.

On the basis of average weather from now on, the 1941 harvest of fall-sown wheat is expected to be considerably larger than the 1940 crop. Moreover, prices of cattle, dairy, poultry, and other livestock will probably rise in response to increased urban buying. Farm income this year will come close to the 1937 total; the higher receipts in 1941 should mark a post-1929 peak.

For two successive years now this Reserve district has shown the poorest year-to-year gains in income and sales in the nation. Despite the expected improvement in 1941, income probably will not gain as much as the national average.



PANCAKE PROTECTION

When a wheel in his retractable landing gear stuck, a Naval Reserve pilot was forced to pancake his old Grumman SF-2 in Jamaica Bay (N. Y.) a few days ago. Fortunately, the plane was equipped with a flotation gear. Hand valves in the cockpit released

buoyant carbon dioxide gas to two white balloons under the wings. A more recent CO₂ flotation gear developed by Walter Kidde & Co. is automatic, and goes into action the instant a plane hits the water. The report is that this safety device will now be on every American bomber flight-delivered to England.

the jewelers a bigger-than-average interest in the vital statistics columns.

• **Christmas Means Business**—As a result of general prosperity and the draft-born matrimonial boom, jewelers round out the Christmas season with a cozy feeling at the bottom of their hearts. Christmas means a lot to the jewelers, one-third of whose total business is chalked up in two months, November and December (November, 8.2%; December, 25.1%). Figuring all the angles, jewelers estimate that this Christmas will be the best since 1929 and anywhere from 10% to 15% better than last. Last Christmas wasn't chicken feed stacked up against the hungry years of the early thirties (in 1933, the trade's worst year, sales came to a meager \$175,000,000).

In addition to the sales of the 12,500-odd U. S. retail jewelry stores, department stores dispose of an estimated \$40,000,000 of jewelry and silverware annually. And repair shops—estimated at 13,700—sell a total of about \$3,500,000 of jewelry store merchandise on the side. There was a time when jewelers worried about the department stores, but the sales ratio has remained pretty even for the past ten years.

• **Not So Plushy**—Jewelry stores have come down a good bit from the black-velvet magnificence of the late 1920's, though most of the change is beneath the surface. Credit terms are more liberal; merchandising, though still al-

most imperceptible in the quality stores, is more aggressive.

• **Credit Jewelers**—Although practically all jewelry stores have come around to extending some form of credit, the so-called "credit jeweler," who sells on a "21¢ down and 21 months to pay" basis and succeeds in pushing diamond rings on a two-pants suit merchandising theory, is in a class by himself. Credit jewelers made their appearance after the last war under the impetus of the silk-shirt labor era and the general growth of high pressure merchandising.

During the depression they multiplied terrifically until today they are estimated to number around 3,000. They have branched out into the small appliance and home furnishings field; this because most of them got their start selling engagement rings on liberal terms, which gave them a ground-floor "in" with young married couples.

• **Diamonds in Wartime**—War has given the jewelry trade some minor headaches. Imports of synthetic stones and marcasites, on which American manufacturers depended heavily in the past, were cut to a fourth their usual volume early in the year and are now petering out to nothing. Biggest commotion has been in the diamond market, which has been turned upside down by the isolation of the big cutting and polishing centers of Antwerp and Amsterdam (BW—Dec. 2'39, p30).

Retail diamond sales, partly as a re-

sult of the advertising campaign of De-Beer's Consolidated Mines, Ltd., are up 20% to 25%. The jewelers also credit some of the recent rise to "investment" buying under the impetus of the inflation scare. The diamond cutting industry has been transferred, by necessity, to New York. During the third quarter of 1940 imports of cut diamonds fell to 23,076 carats, as compared with 116,324 carats imported in the same months last year. At the same time imports of rough diamonds rose to a post-1929 high of 133,590 carats.

• **Shortage of Melee**—Biggest difficulty is a shortage of melee (cut diamonds smaller than a quarter of a carat, used chiefly in massed settings around larger stones). Average size for melee is 200 separate stones cut from a carat, but expert Belgian cutters have turned out as high as 800 stones (each with 58 facets) to a single carat. Not only are New York cutters unskilled in melee-cutting, they are paid upwards of \$60 weekly—a steep price for the little stones which were turned out in Holland and Belgium by highly skilled cottage labor for a fraction of that.

Pre-war stocks of melee in this country are almost exhausted, and prices on the smaller stones have gone up between 200% and 300%. The shortage has created a minor boom among some of the small second hand jewelers, who are being combed by the big houses for old settings of melee.

Ice Boxes "Down"

Kelvinator says that is the trend, dashing hopes of any general price increase. Industry's volume up 40%.

The refrigerator industry hasn't been starving by a long shot, but at the same time it hasn't got as fat as you might expect in a year in which more refrigerators were sold—by far—than ever before.

Ten-month figures show shipments at 2,523,595 units, which is 40% ahead of last year and 14% ahead of record 1937. Yet the guess is that net profits won't approach last year's.

• **Unit Price Is Lower**—The reason, of course, can be put in one word: price. Last year, the average unit sale price was \$169. Currently, it's running around \$152. It's no secret the trade has hoped the figure would be boosted for next year.

Hopes of general price increases, however, went glimmering this week when Kelvinator held a meeting in Detroit for its distributors, and showed them the new 1941 models. The company didn't announce prices for its whole line—most manufacturers won't until

the Chicago Housewares Shows, Jan. 5 to 20—but it did say the general trend would be downward.

• **New Deluxe Models**—Currently, Kelvinator has a six-foot box selling at \$114.95. It's understood that the low price of the new line is actually five dollars higher, \$119.95, but for that money the customer will get a box of 64 cubic feet with a bit more equipment. And reductions are being made in a number of higher-priced boxes—in one case the cut is \$30—to give more closely graduated step-ups, and to provide a place at the top for two new deluxe models.

The new deluxe jobs have refrigerant coils in the walls and interiors divided by plate glass into sections of varying temperature and moisture for different kinds of food. Most major manufacturers are expected to offer such "divided-cold" models next year.

• **Precipitated Price War**—What Kelvinator is doing carries particular interest for the trade, for it was Kelvinator that last year cut prices as much as \$60, and thereby precipitated the industry's first price war (BW—Feb. 10 '40, p. 37).

Other manufacturers were caught short. They cut prices to stay competitive, but hadn't time to make price step-ups in their lines altogether logical. When salesmen tried to point customers to higher-priced boxes, they had to put a lot of persuasion on such extra items as 50¢ lettuce crispers.

This year the whole industry is prepared. And the housewife will be traded up with more fancy appurtenances than ever she dreamed of.

WOOL-LABELING ACTION

To secure uniform compliance with the new wool-labeling law (BW—Oct. 12 '40, p. 46), the executive committee of the National Cloak and Suit Industry Recovery Board last week appointed an industry-wide committee, made up of manufacturers of all types of cloaks and suits in all price lines. The committee will consider, among other points, the advisability of adopting a uniform style to be used by all manufacturers for the informative labels which wool products must now carry straight through from the factory to the consumer.

FTC DISMISSES CHARGE

Back in 1938 the Federal Trade Commission cracked down on General Baking Co. under the Robinson-Patman Act. Charge was discriminatory sales practices in certain areas. Last week FTC upheld the company's right to meet price competition in various sales areas via an order dismissing the complaint. This makes the first time the commission has upheld a company's right to meet price competition by means of such an order.

PRODUCTION

Thresher by TVA

Machine developed for small farms is being manufactured privately. Emphasis is put on economy of operation.

Private manufacture of a new trailer threshing machine has been started by Turner Manufacturing Co., Statesville, N. C. The machine was developed by research of the Tennessee Valley Authority, in cooperation with state agricultural experiment stations and extension services of Valley states. It is intended to help farmers of the South grow more soil-building crops.

Demonstrations were given during the last harvest season in 100 counties of Alabama, Georgia, North Carolina, Tennessee, and Virginia, through the state agricultural extension services.

• **For Small Farmers**—The machine is designed especially for a section of the country where farms are small and fields usually sloping. Mounted on rubber tires, the new thresher is moved about as a trailer behind a passenger car or truck as fast as 50 miles an hour. Only a few minutes are required to set it up for a new job or to get ready to move again. Power is supplied by a seven-horsepower gasoline engine or a five-horsepower electric motor fixed to the thresher. Its capacity is about half that of usual threshers. Cost at retail is \$375, but farmers in established organizations can buy at a discount. The cost ranges from one-third to one-half the cost of large threshers in common use.

• **Half Gallon an Hour**—C. G. Fillers, who has given many demonstrations, fig-

ures it only takes half a gallon of gas an hour to operate and three quarts of oil a week. In demonstrations, all kinds of legume and grass seeds, as well as small grains, were handled well, according to C. J. Hurd, chief of the TVA Agricultural Engineering Division, Knoxville. The machine was cleaned thoroughly and quickly between crops. Some stress is put on the machine's effectiveness in saving more cover crop seed.

Test-Tube Bazaar

Chemical show at Chicago offers 558 new products to industry—to speed output, cut costs, fill other needs.

Mid-Western chemists have long been irked by the custom (since 1915) of holding the biennial Chemical Show only in New York. For 1940, an off year, Chicago chemists organized the National Chemical Exposition and held it last week.

• **New Materials Emphasized**—Top-notch industrial researchers Roy Newton of Swift, Victor Conquest of Armour, and their colleagues throughout the Middle West proved themselves competent showmen. They rounded up an imposing array of chemicals that can be used to step up output, reduce costs, or improve finished goods. These items, most of which had never been publicly exhibited before, were displayed along with chemical-plant equipment.

The official count of new chemical products on display was 558, though the actual number was probably much higher. The list started off with Niacet



This new economy threshing machine, shown saving legume seed on a Southern farm, was developed by the

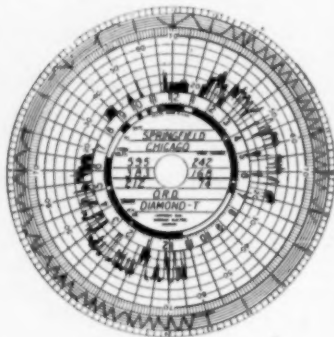
Tennessee Valley Authority, is now being manufactured by the Turner Manufacturing Co., Statesville, N. C.

Chemical Corp.'s acetonitrile, "used in synthesis of organic chemicals, particularly pharmaceutical products." It ended with Newport Industries' zistro, "a solid zinc resinate used in paint, varnish, and printing ink industries as an aid to complete drying, particularly in conjunction with synthetic resins."

• **Long-Named Products**—Between these alphabetical extremes were new prod-

TACHOGRAPH RECORD

The Run from Chicago to Springfield, Ill., and Return



Analysis of Record on Downstate Trip
(Top half of circle)

Distance	Time	Place	Remarks
0	8:22 a.m.	Chicago	Inserted Chart.
0	8:35 a.m.	Chicago	Left garage.
84	9:09 a.m.	Customer's warehouse	Unloading time 41 min.
114	10:04 a.m.	Garage	28-minute wait for mechanic.
	10:32 a.m.	Garage	Trial run with mechanic. Repair time 1 hr. 2 min.
134	11:34 a.m.	Garage	Left garage for test run of 2 miles.
154	11:45 a.m.	Garage	Left garage proceeding to restaurant. Arrived at 12:41 p.m., stopping 34 min.
27	1:15 p.m.	Restaurant	Began return run via Route 4A to Joliet.
56	2:05 p.m.	Joliet	17 minutes through Joliet traffic.
105	3:30 p.m.	Odell	Stopped 22 minutes.
147	5:06 p.m.	Bloomington	16 minutes through Bloomington and Normal.
195	6:28 p.m.	Elkhart	Stopped 12 min., leaving at 6:40 p.m.
212	7:14 p.m.	Springfield	Chart removed at 7:23 p.m.

ucts that ran the gamut of uses from making glue more flexible to waterproofing concrete, and from killing soft-bodied insects on hothouse roses to deadening odors as an anti-perspirant. To laymen the polysyllabic nomenclature of the organic compounds was so much Sanskrit. But the long-named products themselves were so shown that their advantages were comprehensible to such comparative laymen as plant engineers and factory executives.

Novelty was not necessarily the biggest drawing card to visitors intent on finding better ways to meet defense-order delivery dates or to bid on government contracts. Plastics got a tremendous play from the crowds, particularly styron, which was festooned around Dow Chemical Co.'s booths in tubes, rods, sheets, and fabricated products. The variety of plastics on show was overwhelming. They were clear, translucent, light-transmitting, or opaque; white, bright, pastel, or black; electrical conductors or electrical insulators.

• **Carbon, Tantalum, and Fudge**—Of major interest, to judge by the crowds they drew, were the assorted products made of National Carbon Co.'s carbon that can be machined like so much semi-steel. Likewise, Fansteel Metallurgical Corp. was packing them in with its tantalum linings for confining corrosive and otherwise noxious materials.

Commercial Solvents' nitro-paraffins were shown for their versatility in making articles as far apart as cosmetics and high explosives. Corn Products' corn-gluten derivative for carrying printing-ink pigments was another novelty to most visitors. The associated glycerine makers halted traffic with an edible give-away of two morsels of week-old fudge. One piece, pleasantly fresh and moist, contained a trace of glycerine. The other, crumbly and stale, lacked only this ingredient.

Prominent for their absence from the list of exhibitors—doubtless in protest against an extra show for the industry to support—were Allied, Carbide, Cyanamid, du Pont, and Monsanto.

Graphic Clocker

Tachograph charts speed of truck with starts, stops, and time out. Also, it keeps driver safely and legally on job.

Just south of Bloomington, Ill., on route 66, a jalopy full of boys on their way to a basketball game tried to overtake and pass a big intercity truck, side-swiping it and injuring one of the boys. On the insistence of the youngsters that it was necessary to drive 65 m.p.h. to pass the truck, the boy's father sued the trucking company for \$20,000.



Mounted on the dashboard of a truck, the Tachograph not only takes the place of a speedometer, but keeps a complete record of the trip as well.

It looked like an airtight case for the plaintiff until a chart made by a Tachograph was adduced in evidence by the company, showing that the truck was running at 35 m.p.h. at the time of the accident and had at no time exceeded the speed limit during its operations on the day of the accident. Saving for the Tachograph, \$20,000.

• **On Chicago-Minneapolis Run**—Five similar Tachographs, new speed-and-operation-recording instruments, just being put on the market by Sangamo Electric Co., Springfield, Ill., have been making test charts on trucks operating between Chicago and Minneapolis.

Before installation of the recorders, the truck drivers had been taking an extra hour or two for lunch and dinner, making the run in 14 to 16 hours; since then, they make the trip consistently, and well within speed limits, in 11 hours.

• **More Than Records**—Briefly, the Sangamo people describe their new Tachograph as "an instrument for truck operation, incorporating a speedometer clock, odometer, speed change counter, and signal light." Actually it seems to be something more. On a day's run from Chicago to Springfield, for instance, the recording chart (see illustration) graphed automatically and indelibly the time of departure, lunch time, time out for repairs, time of arrival, and all the speeds used in making the run.

What it didn't print, because it didn't need to, was a friendly, impersonal pressure on the driver to keep himself and his truck safely and legally on the job.

• **Three Charts in One**—The instrument mounts on the dash of a truck or bus, replacing the original speedometer, but connecting to the speedometer shaft. Electrical leads connect with both the

tion and the dash-light circuits. The clock revolves a sealed-in circular chart once in 24 hours. On the surface of the chart ride three inscribing styluses, two being actuated by the speedometer-odometer mechanism to record the number of miles traveled and the speed. The third stylus is actuated by vibration when the vehicle is in motion, indicating whether the engine is stopped or running, by relative position of the graph. If the driver has a bright idea of disconnecting the speedometer shaft to break up the record he will be disappointed, because the clock and the third stylus will go on operating.

The speedometer dial is illuminated, and there is also a red signal which can be set to glow at any predetermined speed. Any spurts above that speed are recorded by a speed change counter which shows when the driver exceeds and returns through the speed ranges of 40, 50, 60, and 70 m.p.h.

• **He Stopped As Claimed**—As further indication of the Tachograph's versatility, a certain trucking company driver, transporting automobiles out of Detroit, had one of the instruments on test. He was delayed for repairs for an hour and a quarter, but an unfriendly inspector reported that he had been spotted drinking in a tavern. He was discharged. His union took up the cudgels for him, producing his Tachograph record and proving that he had stopped for repairs at the exact spot claimed.

The driver was reinstated and the inspector discharged when it was likewise proved by the chart that the tavern was 42 miles down the road from the scene of the questioned repairs.

A Lot to Evaluate

Valuation engineers and accountants in new society face big job as result of current defense speedup in industry.

Watch the valuation engineers and accountants of The Technical Valuation Society, Inc., as they hit their stride. Theirs will be the big job of appraising the wear and tear on production machinery during the current defense speedup, of evaluating production buildings and lands five years hence when manufacturers face the choice of returning them to Uncle Sam or keeping them, of setting up air-tight depreciation schedules for tax purposes during the meantime. The new society, organized only a year ago, held its annual meeting last week in New York.

• **How It Came About**—Several years ago, L. L. Juretic, Jr., R. T. Houseman, and G. H. Roth—valuation engineers on the big valuation engineering and accounting staff of New York's big

Consolidated Edison Co.—began to get together more or less regularly in out-of-hours sessions to discuss mutual problems arising in their jobs. Gradually, as the group expanded from three to ten members, there arose an idea of founding a valuation engineering society. When they sought incorporation, they discovered that they could not take a name like American Society of Valuation Engineers unless they confined membership to engineers.

• **Accountants, Too**—Since the work of valuation engineers and accountants overlaps in a variety of ways, they insisted on including accountants in their membership. Upshot is The Technical

Valuation Society with corporate purposes briefly as follows: to promote the free flow of technical information among valuation engineers and accountants, to advance operating and educational standards of engineering valuation, and eventually to establish the professional degree of Valuation Engineer.

• **Growing Up**—During the first year's operation, the society members have heard and discussed valuable technical papers on such subjects as "Some Problems in the Calculation of Corporate Income Tax," "The Legal Background of Some Contemporary Problems in Public Utility Valuation for Regulatory Purposes," "Principles Involved and

15 YEARS with the
same bearings - at
400°F.
(MAX.)

Kiln car wheel bearings operating for fifteen years without replacement, at temperatures of 400° F. has been credited to the lubricant, "dag" colloidal graphite, by a prominent ceramics manufacturer.

Oildag-Concentrated, Type 1104, was blended in proper proportion with water-white kerosine and applied to the parts at somewhat below the maximum temperature. This lubricant does not sizzle or splatter, but remains fluid long enough to get the positive lubricating film of colloidal graphite to the vital point. The carrier liquid finally evaporates, leaving only the graphite, which becomes a part of the bearing surface. The

original wheel bearings are still in service.

"Dag" colloidal graphite, dispersed in various fluids, is solving high temperature lubrication problems in many industries. Ask your oil supplier about his lubricants containing colloidal graphite. A note on your letterhead will bring a working sample and Bulletin Number 130, which tells you how to use this solid lubricant for high temperatures.



ACHESON COLLOIDS CORPORATION
PORT HURON, MICHIGAN

Methods Used in the Establishment of Insurance Valuation." Meanwhile, without high-pressure promotion, the membership has grown until it includes more than seventy valuation engineers and accountants from such widely flung operations as Shell Pipe Line Corp., Starrett Bros. & Eken, Day & Zimmerman, American Appraisal Co., and the New York Public Service Commission.

LAUNDERING VENETIANS

Richard Long, of Denver, was handed the job of cleaning Venetian blinds in a large office building and, being mechanical, developed a laundering machine that did the work. Now he manufactures the machines and Denver, San Francisco, and Los Angeles believe they have the first Venetian blind laundries. Venetian Blind Laundry Manufacturing & Sales Corporation, Denver, supplies the equipment on a royalty basis.

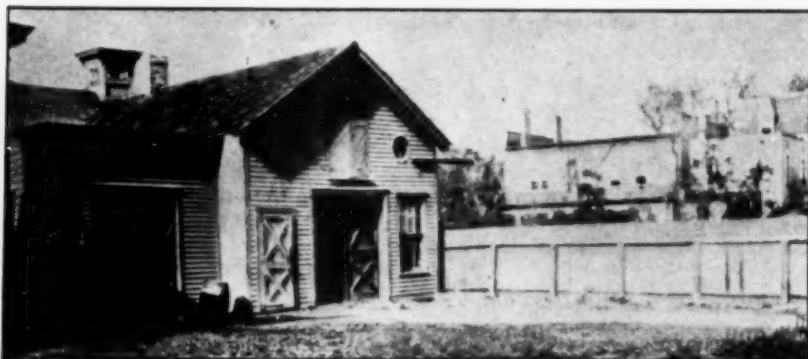
Laundries take work on the basis of square feet (usual average 6¢ per square foot) and give discounts for quantity jobs. The laundry sends an expert blind hanger to take down the blinds and put

them up again. Cash and carry work is done at a discount.

Blinds are first stretched on a steel frame to prevent shrinkage and warping, are not taken apart. They go into a spray chamber where hot water and mild cleaning compounds remove dirt and stain from slats and tapes, then into a hot-air drying chamber and come out clean ready to hang. The washing takes about one minute, the drying 30 minutes, and in eight hours a machine can launder about 3,500 sq. ft. of blinds, manufacturers claim.

AIDS FOR OIL DRILLERS

Telephones and the electric eye have been adopted in the Los Angeles oil fields to handle difficult jobs in the drilling process. At the top of an oil derrick, during drilling, there is a man who racks the pipe used for casing and until lately orders have been shouted from the ground, often confused by surrounding clatter. Now top and bottom of the derrick are connected by telephone; derrick men give and receive orders ungarbled by outside noise.



FORTY YEARS OF RESEARCH

In 1900, Charles P. Steinmetz's barn housed General Electric's first research laboratory. In 1940, two interconnected, multi-story buildings house the scientific activities of the Schenectady Works only. This week the company celebrates its forty years of fruitful research and engineering with ceremonies at the Schenectady labs and

a big dinner at the Mohawk Golf Club with speeches by Dr. Karl T. Compton, president of M.I.T., Charles E. Wilson, president of G-E, and Samuel Ferguson, president of Hartford Electric Light Co., who was the first engineer of the first G-E laboratory. First project of the first engineer was the improvement of Edison's original electric "light in a bottle." The barn burned down many years ago.



At the top of the derrick, too, a traveling block is rigged, and sometimes it comes up with a bang when the man on the winding drum misjudges distance. Recently an oil equipment company (Martin Decker Corporation, Long Beach, Calif.) placed on the market an electric eye set-up which rings a bell to warn the operator if the block is hoisted too far.

VITAMINS SAVE DOLLARS

Year before last, the Mansfield (Ohio) Works of Westinghouse Electric & Mfg. Co. began experimenting with feeding Vitamin A to inspectors whose job includes the detection of off-color in enameled electric range parts (BW-Jun.11'38,p2). Idea was to build up "visual purple" in the retinas of their eyes to increase visual acuity. Now it comes out that the diet is actually performing its job, saving the company \$5,000 a year through the reduction of off-color rejects which formerly found their way to the range assembly line.

CASE FOR CASTERS

Last week the James F. Lincoln Arc Welding Foundation, Cleveland, released figures showing "a reduction of more than 25% in machining time" for a variety of welded steel products (BW-Dec.14'40,p42). This week, the Mechanite Research Institute of America, Pittsburgh, states the case for cast construction by citing Dalcher testing machine figures showing iron to be more readily machinable than steel. Where steel castings require a tool pressure of 70 lb., cast iron requires 41-67 lb., and Mechanite cast iron 38-48 lb.

A.S.A. PROGRESS

At its annual meeting last week, American Standards Association, New York, reported a total of 413 standards in its impressive list, including 13 brand-new standards adopted during the year (photographic speed determination, twist, drills, gas appliances, etc.), plus 60 revisions. New procedures are being adopted for development and promulgation of temporary emergency standards to fill any gaps in the list appearing during the defense effort.

GRINDING WHEELS APLENTY

If grinding wheel users have been worrying about their sources of supply for defense, they can relax. The grinding wheel industry has just completed a thorough survey of itself which reveals that there is "82% excess productive capacity over its present rate of operation, and . . . that the all-time peak production can be exceeded by 101% on six months' notice."

NEW PRODUCTS

Multifocal Lenses

Unlike regular bifocal spectacle lenses, where with the eyes jump suddenly from far to near vision, the near portion of the new Beach Multifocal Lenses eases into the far portion in such a way that no sharp line of demarcation is apparent. In some prescriptions, there is a considerable degree of "intermediate vision" between near and far. The manufacturer is Beach Lens Co., 469 Virginia St., Buffalo.

Form Feeder

One-time carbon forms are inserted at the touch of a finger when an Underwood typewriter is equipped with the



new Atlantic Sunpak Insertor. It does not interfere with the typewriter's use in regular correspondence. Source of supply is Atlantic Register Co., Waltham, Mass.

Stainless Cabinets

Eight sizes of Miami Stainless Steel Bathroom Cabinets are the newest products of Miami Cabinet Division of The Philip Carey Co., Middletown, Ohio. They come with and without interior lights and exterior fluorescent or incandescent fixtures. "Razor blade drops" are added features.

Automatic Timer

Designed to time any industrial operation (or advertising display) in hours, minutes, or seconds, the Bacon Automatic Timer combines a self-starting electric clock movement with a non-sparking mercury switch in an unbreakable metal tube. It is the newest of many types of timers manufactured by Emra D. Bacon, 4513 Brooklyn Ave., Cleveland.

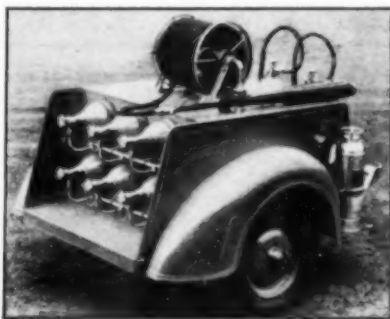
Unit Blueprint Cabinets

Basic units in the new line of sectional A-S-E Blueprint Cabinets for the flat filing of drawings, tracings, prints, maps, etc., are 16½ in. high. They are

built by All-Steel-Equip Co., Aurora, Ill., with three or five drawers, 48 x 36, 42 x 30, 36 x 24, or 24 x 18 in., all mounted on rollers. Partitions are available for papers of smaller size.

Fire Trailer

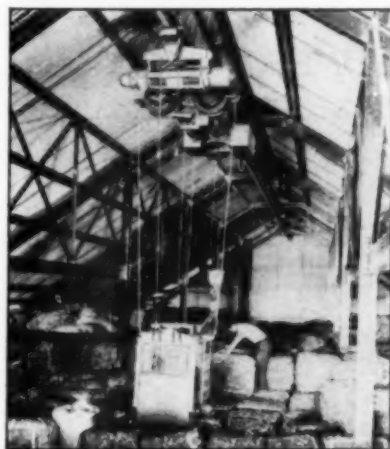
Designed for emergency use at a South American airport, the new Lux Mobile Unit will now go into the regu-



lar line of carbon dioxide fire extinguishing equipment made by Walter Kidde & Co., 1224 West St., Bloomfield, N. J. It carries six 50-lb. CO₂ cylinders, 100 ft. of hose, two 15-lb. CO₂ hand extinguishers, and two 2½-gal. pure water extinguishers which operate on the principle of a syphon bottle with CO₂ as the propellant.

One-Man Carrier

When the hoisting mechanism of the new Tramrail Carrier with raise-lower cab comes down to pick up a load, the cab descends with it or remains up at



the will and convenience of the operator. Thus one man can handle the entire job of loading, elevating, conveying, and unloading. Cleveland Crane & Engineering Co., Wickliffe, Ohio, will make the unit in various "lifts" and capacities.

**GIVE YOUR
BUDGET
A BREAK**



It can go farther with the help of Better Duplicating Methods

Budgets are frequently overworked—exhausted before the year's work is done. Often the cause is excessive costs—or inefficient methods.

Office duplicating can be one of the budget's best friends. It's not uncommon for the *right methods* to make one budget dollar do the work of two.

Today, Multigraph and Multilith provide the *right* duplicating methods for every kind and size of business . . . they provide a wider range of usefulness, real quality work, simple operation, and big savings.

For samples of communications, stationery, forms, promotional literature, and for proof of Multigraph and Multilith money-making and money-saving power—call Multigraph Sales Agency (listed in principal city telephone books). If you prefer, write to

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FINANCE

Spurn Listing Aid

Brokers who negotiate trades in unlisted shares are cool to Martin proposal for "equalizing" registration rules.

Banks and insurance companies are becoming increasingly interested in the outcome of the squabble about "equalizing" securities registration requirements, which New York Stock Exchange President William McC. Martin, Jr., touched off last week. The institutional investors do most of their trading by negotiation and have a vested interest in anything that might affect the ease of such dealings.

Martin works for the Big Board, where annual volume has dipped 50% in the past two years. He hopes to regain some of this volume by luring trades in issues which now find buyers and sellers by negotiation off the exchange. Such negotiations are handled by many members of the Big Board who conduct active trading departments and deal heavily in unlisted stocks and bonds, making wider profit margins than the exchange commission rules would permit. These members fear that the move intended to aid stock exchange volume would react against them.

• **SEC Stumbling Block**—One of the principal reasons for not listing on the Big Board is the abundance of SEC red

tape and registration requirements. Executives of companies whose securities have limited distribution and little speculative interest, or whose capital is small, don't believe it necessary to take the time and expense to list their securities. Instead, they rely on over-counter dealers to bring buyers and sellers together.

Over-counter dealers say that negotiation is necessary for the sale of large

blocks of securities. They point out that the over-counter markets are strictly regulated in conformity with SEC promulgations and self-policing of the National Association of Securities Dealers.

THE BANKS AND DEFENSE

The country's banks haven't been scared out of looking for loans secured by government orders. It is true that there was grumbling when the Reconstruction Finance Corp. put a ceiling on interest rates (BW—Nov. 23'40, p. 54; Nov. 30'40, p. 58) at 1½% when the gov-

THE MARKETS

Funding and Refunding

The tide of new issues continues to flow. Corporations are taking advantage of the current low rates to reduce interest charges on fixed debt. And while they're at it, they are obtaining additional funds to finance an increase in productive capacities and share in the defense-created boom.

Crucible Steel on Wednesday registered with SEC \$15,000,000 of 3½% debentures, partly to refund the outstanding \$9,500,000 of 4½% bonds at 104. The company will obtain \$5,600,000 of additional money for expansion, yet the lower interest rate means that the annual interest boost will be merely from \$423,000 to \$487,500. Jones & Laughlin Steel plans to do some extensive refunding and Republic Steel is contemplating large-scale financing early in 1941, both for refunding and new money. Pittsburgh Steel this week

sold \$6,500,000 of 4½% first mortgage bonds, which replace a debenture issue of 6s.

Equity money also seems easier to obtain. United Aircraft Products on Wednesday announced plans to create a new issue of 75,000 shares of 5½% convertible preferred stock. The Appalachian Electric Power Co. included 300,000 shares of 4½% preferred stock with its \$70,000,000 of bonds which were offered Dec. 13. Burlington Mills sold 80,000 shares of \$2.75 convertible preferred stock at \$53 a share.

SEC Chairman Jerome Frank believes that more "venture capital" and "public ownership capital" should be used to finance defense efforts and promises to ease SEC registration complexities on defense capital, especially for smaller enterprises. He promises SEC assistance as intermediary between investment bankers, investment trusts, and the Defense Commission.

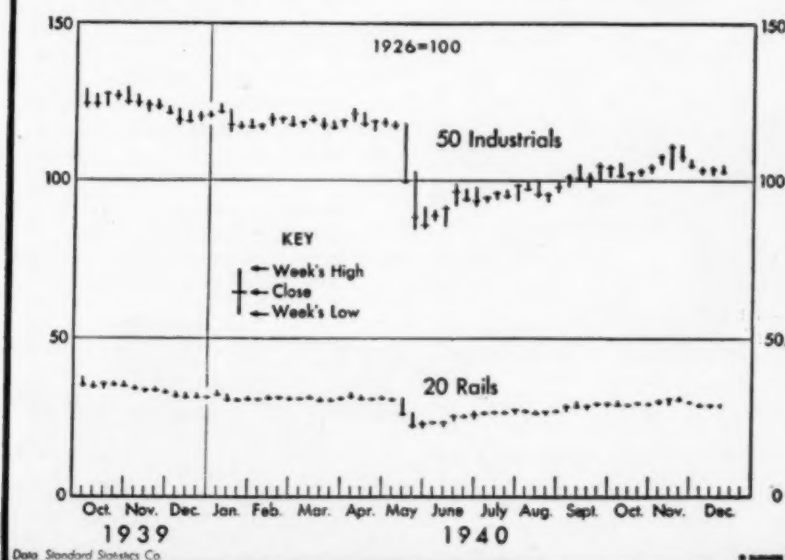
To encourage small enterprises, the SEC announced this month that security issues of \$100,000 or less will be exempt from the registration requirements of the Securities Act. All that such companies need provide to the SEC is information as to the name of the company, name of underwriters, name of issue to be sold, and brief summary of the intended use of the proceeds. Further, the SEC is working on a new registration form which reduces the amount of information required, especially with regard to securities issues of \$1,000,000 or less.

Security Price Averages

	This Week	Week Ago	Month Ago	Year Ago
Stocks				
50 Industrials	103.0	103.9	107.7	120.1
20 Railroad	28.3	28.7	30.6	31.2
20 Utility	53.9	53.7	56.9	68.0
Bonds				
20 Industrial	90.2	90.2	90.5	86.7
20 Railroad	61.9	61.0	60.9	57.7
20 Utility	100.6	100.9	100.4	101.5
U. S. Government	111.8	112.0	110.9	107.4

Data: Standard Statistics except for government bonds which are from the Federal Reserve Bank of New York.

COMMON STOCKS—A WEEKLY RECORD



ment guarantees the loan and 4% when there is no specific government guaranty. But now the banks have organized an active campaign for defense loans.

This is being undertaken on a national scale by the American Bankers Association. The association's president, P. D. Houston, has named a committee to coordinate this work with members from Richmond, St. Louis, New Orleans, Philadelphia, Chicago, Boston, Kansas City, Mo., Cleveland, Los Angeles, Dallas, Minneapolis, New York, Seattle, Washington, D. C., and Atlanta. Its members are to help teach banks the technique of making these loans and of helping their local industries to get the orders upon which loans can be based. To this end the association is preparing a manual on defense goods loans.

NO DEFAULT IN 316 YEARS

A few years ago, the New York Stock Exchange received, as a gift, a 2½% bond, dated Dec. 10, 1624, with a nominal value of 1,200 Dutch Florins. The security represented an obligation of a Dike Corporation formed in the year 1323.

Interest was last collected in 1938 shortly before presentation of the bond to the Stock Exchange. The interest is payable annually, upon presentation of the bond to offices of the company in Utrecht, Holland, but the obligation is voided if the bond is not presented within five years from date of previous payment.

This month was the first time interest was due since Holland was conquered by the Nazis. But the Stock Exchange didn't ship the bond over there for payment. They haven't any idea how the corporation is doing—and don't want to take any chances on losing their exhibit-piece security with a three-century record of non-defaults.

COMMODITIES

Brake on Copper

Price held in check by threat of duty-free imports from South America, though consumption is at peak.

Copper consumption in November was higher, per working day, than for any previous month since the Copper Institute began tabulating the figures. Stocks of refined metal on hand declined to 158,418 tons, slightly more than half the inventory available just before the

war began last September. Yet the price remained level at 12¢ a pound.

The United States government is acquiring copper for defense purposes, and it doesn't want to pay more than 12¢. Producers are supplying the metal at this level even though conditions prevail under which they normally would stiffen the asking price. Principal reasons for this are the clubs which the government holds over their heads. First threat is priorities; second, the waiving of import duties on copper from South America. The War Department has power to bring the metal in duty free as "essential for defense purposes."

• 10% from Abroad—Civilian and defense copper requirements of the U. S. for 1941 are estimated at 1,200,000 tons, and domestic production can take care of 90% of this (see chart, page 42). The remaining 120,000 tons may be

expected to come from abroad, mainly from Chile.

If domestic producers try to shove up the price, the Army will simply bring in larger amounts of the South American metal, which may be had for 10½¢ to 11¢ a pound. Additional justification for such importation would be "strengthening of hemisphere arrangements." Actually, the U. S. wants to build up a huge stockpile of South American cop-

LOEW'S INCORPORATED

"THEATRES EVERYWHERE"

December 13, 1940

THE Board of Directors on December 11th, 1940 declared a dividend at the rate of 50c. per share and an extra dividend of \$1.00 on the outstanding Common Stock of this Company, payable on December 31st, 1940 to stockholders of record at the close of business on December 20th, 1940. Checks will be mailed.

DAVID BERNSTEIN
Vice President & Treasurer

New Issues

Appalachian Electric Power Company

\$70,000,000

First Mortgage Bonds, 3¼% Series due 1970

Due December 1, 1970

Price 107%

Plus accrued interest from December 1, 1940

*300,000 Shares

4½% Cumulative Preferred Stock

Par Value \$100

*Subject as to 163,380 shares to the prior right of the holders of the Company's Preferred Stocks outstanding in the hands of the public to exchange their shares under the Company's exchange offer described in the Prospectus.

Price \$106 a Share

Plus accrued dividends from December 1, 1940

This advertisement is neither an offer to sell nor a solicitation of offers to buy these securities. The offering is made only by the Prospectus, copies of which may be obtained in each state from such of the undersigned as may legally offer these securities in compliance with the securities laws of such state.

Bonbright & Company Incorporated

The First Boston Corporation

Tucker, Anthony & Co.

Coffin & Burr
Incorporated

Harriman Ripley & Co.
Incorporated

Smith, Barney & Co.

Shields & Company

Stone & Webster and Blodgett
Incorporated

Blyth & Co., Inc.

W. C. Langley & Co.

Harris, Hall & Company
(Incorporated)

Union Securities Corporation

Jackson & Curtis

December 13, 1940

per, and negotiations to that end are already under way in Chile.

• **Mines That Will Stay Shut**—Some of the now-idle domestic mines could produce copper, but only at costs ranging up to 17¢ a pound. The 12¢ price limit isn't the only reason that the U.S. doesn't want these mines to get into action. Uncle Sam is shying away from creation of uneconomic plants and properties that would become liabilities at the end of the emergency period.

Most of the export demand recently has been from Japan, whose bidding has caused a rise of 1¢ a pound in the export market in less than a week. At mid-week they were offering 11½¢ a pound for foreign copper, an increase of ½¢ over the previous Tokyo bids, but were relatively unsuccessful in their attempts to buy up tonnages for January shipments. Some of the sellers were asking as high as 12¢ a pound, c.i.f. Volume of business executed since prices topped 11¢ has been moderate. Foreign copper has been available at 10½¢ a pound, f. a. s. New York, in custom smelter quarters for delivery around the end of March.

• **Spot Price Behavior**—The spot price for the metal has shown surprisingly little nervousness since before the war. From 10¢ in June, 1939, Connecticut Valley base, the price rose to a high of 12½¢ two months after England announced that it would aid Poland. Last summer the price dipped to 10½¢ and now is up at the U. S. specified level of 12¢.

Stocks of refined metal on hand averaged around 300,000 tons in 1938 and about 320,000 tons in 1939 until the war began. Frantic rush to accumulate inventories depleted stocks to 135,441 tons at the first of this year, from which energetic output has brought it up to 158,418 tons at the end of November.

BUSINESS ABROAD

Ships for Britain

Deal reported completed with American interests for construction of multiple ways to turn out small cargo boats.

Great Britain's lifeline of ships was bolstered last week by the purchase of 16 over-age freighters from the laid-up fleet of the United States Maritime Commission. But reserves of cargo vessels available for sale to the British are limited—only 45 remain at the disposal of the commission—and construction in the United States will be the next step in Britain's fight to keep the flow of food, raw materials, and munitions going to the Isles.

It is reliably reported that negotiations for the construction of multiple shipways to turn out small, easily constructed cargo boats have already been completed between the shipping division of the British Purchasing Commission and American shipbuilding interests. Precise details may be announced any day.

• **All Large Ways Occupied**—One thing that was certain this week was that any British shipbuilding in this country would call for additional construction facilities. Demands imposed by both the two-ocean navy and merchant marine programs have pushed American shipyard operations close to capacity, with all large ways occupied.

Under the Navy building program approved by the Administration in July,

construction is being rushed in 15 private and eight government shipyards on a combat fleet which will eventually total 3,049,480 tons, including 55 battleships, 20 aircraft carriers, 68 cruisers, 378 destroyers, and 180 submarines. In addition to combat craft, the Navy program calls for submarine tenders, transports, hospital ships, and oilers. The Navy has acquired 36 of the 53 auxiliaries authorized but increasing evidence of a conflict between naval requirements and the Maritime Commission's program places definite limitations on the possibility of giving rapid aid to the British.

• **Construction Speeded**—Launchings of cargo vessels and tankers constructed under the Maritime Commission's program during November reached the highest monthly figure since World War days as 11 vessels slid off the ways. Not only was the number of launchings up, but construction time in the case of C-type cargo boats was cut from two years to less than six months because of the adoption of mass-production methods on a few standardized models. All told, American Bureau of Shipping figures show that 85 boats aggregating nearly 700,000 tons have been launched since the construction program got under way in 1938.

The Navy has requisitioned every one of the 12 high-speed (19-knot) tankers recently constructed by the Maritime Commission. With this speed and their combined fuel oil capacity of 72,000,000 gals. they give the Navy a theoretical range of 800,000 nautical miles without the necessity of putting into harbor for refueling. Bids will be opened Jan. 9 for the construction of five additional tankers approximating 2,300 tons each and with a speed of 14 knots. And private interests, since Dec. 1, have placed contracts for nine large tankers representing 92,550 gross tons.

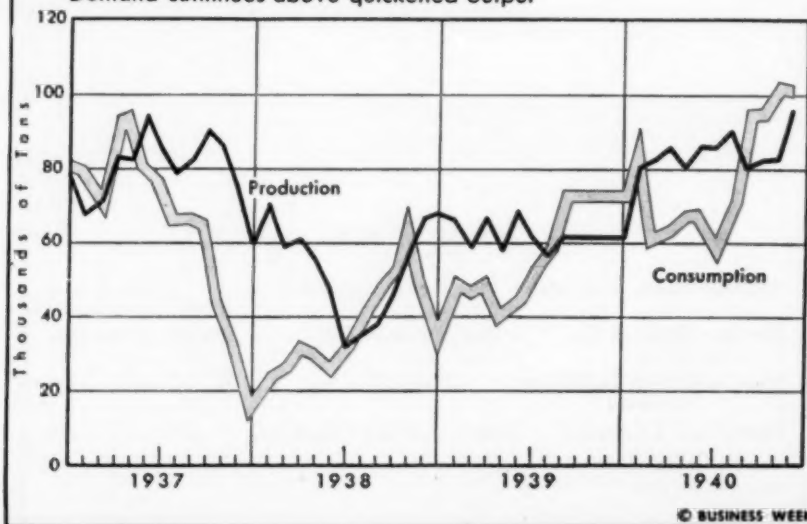
• **Tanker Fleet Growing**—According to figures furnished by the American Bureau of Shipping, the new contracts bring the total number of tankers under construction in American yards to 66, representing around 620,000 tons. As of Jan. 1, 1940, the United States tanker fleet of 353 vessels aggregating 2,589,264 tons was second only to Britain's 436 tankers of 3,167,575 tons. Norway was third with 260 tankers of 2,060,525 tons.

Since most of the estimated 100 tankers which have been sunk since the beginning of the war have been British and Norwegian, the tankers now being added to the American fleet will make it the world's largest.

• **Expansion Possibilities**—The theoretical capacity of the 83 active shipways

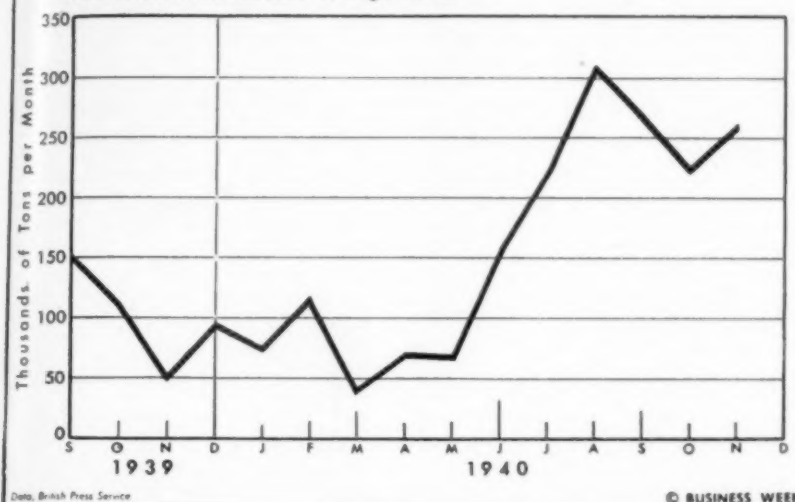
COPPER CONSUMPTION SOARS

Demand continues above quickened output



WHY BRITAIN NEEDS SHIPS

Merchant Fleet Losses at High Level



all Chinese raw cotton must be shipped to Japan. Shanghai mill owners were told that they could import their cotton from the United States or British India. Moreover, there was to be no trading with "Free China," the military warned.

• **Mills Are Kept Going**—Reaction of the three nationalities is characteristic of their tradition and background.

The Chinese, with their remarkable ingenuity for overcoming all obstacles, have somehow managed to keep their mills going at full blast. The British mills, owing to their established connections in the outside world, have been able to maintain production at 60% of capacity. And the Japanese, unable to compete with their plants at home which use the cheaper Chinese cotton, and deprived of their traditional outlets in China, are down to 40% of capacity.

Ceiling on Wages

Canadian labor control, now up to cabinet, gears pay to 1926-1929, bans strikes, and provides living-cost bonus.

OTTAWA—Labor control for Canada's war industry, on the way since early autumn (BW—Nov. 9 '40, p. 57), has arrived. The pattern, a compromise

capable of building ocean-going vessels is 166 ships, or more than 1,000,000 gross tons a year. There are, in addition, 37 other private ways in a partially dismantled condition which could be made available for emergency use. However, many of the active ways are occupied with naval construction, and fighting craft take far longer to build on the average than do cargo vessels.

Even with a seven-day work-week, no labor trouble, and no serious labor shortage, it still takes almost three years to build a cruiser and at least two years to build a submarine. This means that shipways are not as rapidly freed for the laying of new keels as they would be if only the relatively simple cargo boats were being built in private yards. It emphasizes that any construction on British account will call for new yards.

• **Possible Administration Moves**—Aid to the British on the problem of shipping may take other forms in the future. Some speculation as to possible moves includes turning over to the British of belligerent vessels tied up in American ports; the substitution of American merchant boats for British ships now on various Empire runs outside the belligerent zone; and, biggest "if" of all, convoying by American destroyers half-way across the Atlantic.

Japan Spites Self

Mills of its nationals in Shanghai are crippled by army order that all Chinese raw cotton must go to Nippon.

TOKYO—Foreign businesses in Shanghai are not the only ones to complain of unfair treatment by the Japa-

nese army. All is not milk and honey even for the Japanese. Shanghai's cotton textile industry, divided among British, Japanese, and Chinese mill owners, thrives on the proximity of raw cotton supplies in the hinterland and the huge local demand for manufactured cotton goods. In an attempt to show something for three-and-a-half years of fighting, the Japanese army not long ago ordered that

France Ungloves Hitler's Hand

Because Pierre-Etienne Flandin (right) had a touch of influenza which kept him in bed when Otto Abetz, German High Commissioner in France, came to Vichy this week, he may have missed his only opportunity to function as Foreign Minister under Marshall Petain.

All that went on behind the scenes in the "palace revolution" which resulted in the ousting of Pierre Laval is hidden behind the censorship, but Laval's reported release on orders from Hitler proves that even unoccupied France is completely the pawn of the Nazis. If Laval was ousted because he was an accomplice in a plot to overthrow the Petain regime, line up the French for a spring attack on their former ally, and turn their fleet over to the Germans, his arrest only postponed the project. Laval may be restored, or all of France may be occupied by Germany. But Vichy will have no voice in the decision.

Behind the whole episode is the realization in the United States this week that England knows now that Hitler is planning his latest all-out attack for early spring. This spreading conviction, which is behind President Roosevelt's spectacular new project for lending or renting masses of war supplies to England (page 15), overshadowed the news of Britain's decisive victories over the Italians in Egypt, the continued Anglo-Greek ad-



vance through Albania, and the British aerial attack on Italian units at Naples.

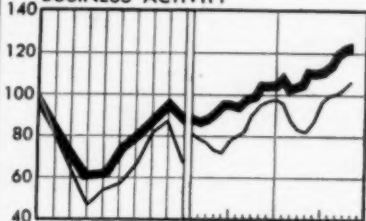
Shipping insurance rates to the eastern Mediterranean dropped with each new British victory, and stock prices rose in London, but in every chancellery in Europe experts watched German moves to bolster Italy with troops and police as they have long been doing (BW—Apr. 8 '39, p. 49), to force France to support the Nazi spring drive, to assemble an overwhelming force for a joint sea-air maneuver of unprecedented magnitude and severity against Britain. Despite recurring peace rumors, Hitler still hopes to dictate peace terms in London next spring.

TREND OF BUSINESS CANADA AND U. S.

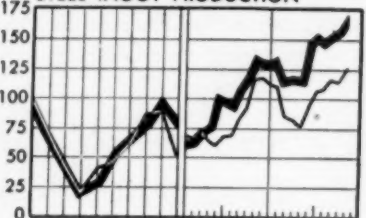
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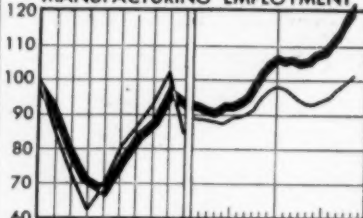
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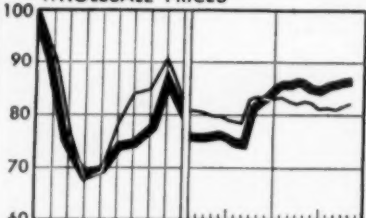
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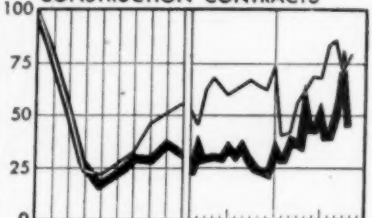
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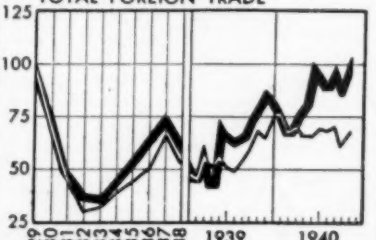
WHOLESALE PRICES



CONSTRUCTION CONTRACTS



TOTAL FOREIGN TRADE



© BUSINESS WEEK

agreed to by the government's labor advisers, now awaits cabinet approval.

Chief features are: (1) Highs of 1926-29 are fixed as the ceiling for war wages except that, where present rates are higher, they will not be disturbed. (2) A cost-of-living bonus is approved to meet rising costs in some parts of the country. (3) Strikes and lockouts are made illegal. (4) Transport labor will not be included in the blanket scheme until later.

The boom-period wage ceiling with living-cost bonus was accepted months ago in a few individual industries on recommendation of conciliation boards under the Labor Disputes Investigation Act. Specific terms of these settlements are now adopted for all war industry.

• **How the Plan Works**—The bonus operates with every 5% rise in living costs above the level of August, 1939, which is made the base. Living costs are to be computed officially every three months. As the cost-of-living index is now up 5% to 6% from the base, the first bonus will be overdue when control goes into force. Had living costs been based on 1926-29 wage levels, labor would have missed three bonuses because the index now is still 12% below the boom level of the 1920's. The bonus probably will be 2¢ an hour as in individual cases which have already been settled.

In trades where 1926-29 wages were abnormally high in relation to the general level of the period (as in the construction trades), increases from present rates towards the ceiling are limited to 5% a year. In trades where boom rates were in line with the general level the advance to the ceiling may be made in one jump.

• **Rule Not Automatic**—Neither wage increases from current rates to the fixed ceiling nor the living-cost bonus will operate automatically but through decisions which will be reached by conciliation boards representing employers, labor, and the federal labor department.

About 40% of war industry wages, according to Ottawa estimates, are now at the 1926-29 level. In a few cases they are already above it.

• **Absolute Control Rejected**—A weakness in the control pattern as it stands for cabinet sanction is that it does not include a final mandatory authority to shut out the political factor. Conciliation board rulings are subject to review by the labor department. A labor review board with supreme control was proposed but Labor Minister Norman McLarty objected to being excluded.

Spokesmen of industry and labor unions have indicated acceptance of the plan.

• **Strikes Force Move**—Control has been forced on Ottawa sooner than intended by increasing frequency of wage-increase demands, involving strikes and interruptions in war production in several cases.



Skyscraper headquarters in Bucharest of the Societatea Anonima Romana de Telefoane, I.T.&T.'s Rumanian property that went on the block this week.

In Nazi Squeeze

I. T. & T. negotiating sale of Rumanian property. Berlin keeps on absorbing mines and industries in the Balkans.

American and French investments were caught this week in the relentless German squeeze to grab complete control of the economic life of the Balkans.

International Telephone & Telegraph Corp. revealed in New York that it was negotiating for the sale of its big properties in Rumania, including its swanky skyscraper headquarters on the bustling Calle Victoria in Bucharest (see picture), and the whole Rumanian telephone and telegraph system which a year ago had more than 102,000 stations and was valued at \$25,941,882. Though the deal is being negotiated with Rumanian officials, Nazi control of the country leaves little doubt that Berlin intends ultimately to incorporate the system in the vast German network of roads, railroads, and communications which it is extending into every neutral or occupied country. I. T. & T.'s problem is complicated by the fact that in the last few months sections of Rumania served by its lines have been returned to the Soviet Union, Hungary, and Bulgaria.

In Berlin, great importance was attached to the announcement this week that Germans are negotiating for the

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purchase from French owners of Compagnie Française des Mines de Bor, largest copper, lead and zinc mines in Yugoslavia. This follows the announcement a week ago that German investors had acquired from former Belgian owners full control of the Yugoslav General Bank Association.

• **Cornering Continental Copper**—Acquisition of the copper interests means that Berlin is rapidly getting control of all continental output except Spain's, and that, the Germans hint, will come later. A few weeks ago Nazi officials announced that a German monopoly had been formed to buy all Norwegian copper and boost production. The Reich is already taking the bulk of Finland's output. But Yugoslav production is by far the most important in Europe, outside Russia, and should provide Germany with at least 50,000 tons a year.

Mines de Bor opened its own refinery in 1938 and boosted its copper output to 42,000 tons.

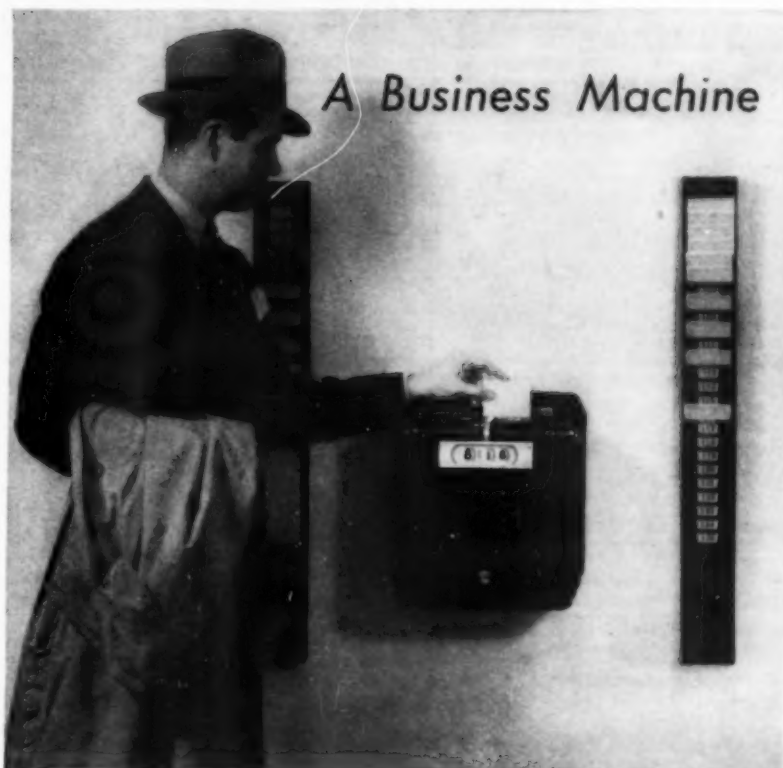
• **Drive Started in 1933**—The German raw-materials drive in southeastern Europe started shortly after Hitler came to power in 1933. By 1938, the Germans had pushed their holdings of Yugoslav industrial and mining properties to 10% of the total held by foreigners.

• **Italy As a Rival**—First important purchase from the French came in 1937 when the Germans bought the Risanjski Rudniki antimony mine. Options on silver and lead mines in Bosnia were bought the same year, but the Italians outsmarted them in acquiring majority holdings in options on rich copper fields in Dalmatia, reputed to be as important as the Mines de Bor. Germans also bought Standard Electric Co. from French-American control.

The Berlin business press reported significantly this week: "The Mines de Bor deal is believed to indicate the possibility of the gradual transfer from France to Germany of all Paris' industrial and banking investments in neutral countries, especially those which Germany needs to give it a commanding position in the 'New Europe'."

• **Other Enterprises Affected**—Nervous foreign investors in half a dozen countries are watching each new Nazi move. Other French capital in Yugoslavia is invested in vast hydro-electric power plants, in coal mines, and in a pulp business to supply the Smith-Meunier cigaret paper company. In Rumania, the French have big investments in textiles, glass, and gold mining.

In both countries, British investments outrank the French, range from the large Royal Dutch Shell oil holdings in Rumania (now expropriated) to the important Trepca lead and silver mines in Yugoslavia, and banks in both countries. Standard Oil and I. T. & T. are the biggest American interests in the Balkans.



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PROFIT AND LOSS

Hey, Babe!

Exhaustive treatises have been written on how to catch a waitress's attention. Some people have spent the best years of their life on the problem. But nobody's come through with a really practical solution yet. Some people suggest that you just snap your fingers. Some say for you to go "Pst!" Some think clearing your throat loudly will bring results. Some tell you to tinkle your spoon against your glass. Some claim it can be done with a loud "Uh-h-h-h."

All these gentle methods, though, usually prove to be pretty ineffective. They may please Emily Post, but they'll raise what is often called Merry Ned with your disposition, because they won't even get you an "all-right-just-give-me-a-little-time, pal" glance from 99.44% of all waitresses.

The rougher methods are often better. "Hey, you!" is sure to get a girl's attention. And even more effective is the system where you slip your foot out from under the table and extend your leg into the aisle as the waitress is passing you by again, and trip her up. As she pulls herself together and shakes the blue plate special out of her lap, you know that at last you have succeeded because she looks you straight in the eye as you shout, "Large coffee and a double plum duff!"

The trouble with these two methods is you are not likely to get good service after you have used them.

All this is preparatory to the report that a man in Minneapolis has invented a new device designed to catch a waitress's attention. It's a little button attached to each table in a restaurant. When you want the waitress, you buzz and a flag pops up, saying, "Service, Please."

This is likely to work; though it seems to need something more—a little Billy Rose touch maybe—with a buzzer that would start a band playing "Wishing," while a small cannon on the table discharged one of Singer's midgets, who would dance under the waitress's feet waving a red, white, and blue sign saying, "Service, Please," until she noticed it.

Reach for a Sweet

Remember how you used to get bawled out for eating candy too soon before dinner and spoiling your appetite? Well, that's all over now. It's the newest reducing diet. At least two companies, Ayds Candy (advertised by Gimbels' Department Store in New York) and Slend-R-Form (distributed by Riley Products, 612 N. Michigan Ave., Chi-

cago) are working in the field already—and you can be sure there will be a lot more.

"Don't let those delicious holiday dinners add five pounds to your weight," Gimbels' ad says. "Eat an Ayds Candy caramel before each meal—cut down your craving for sweets and potatoes. They're made with maltose, egg yolk and powdered carrots, vitamins, A, B, D."

Slend-R-Form candies come in a box decorated with a picture of a dress form, and tied with a tape measure. The candies are all fruit flavors, and they have vitamins A, B, and D, too. Three pieces a day are recommended—also before meals.

Suggested slogan: "Spoil your dinner, and spare your waistline."

Mechanization

Instead of waking up to the sound of a bugler blowing reveille, some of the boys at Fort Dix, N. J., now have their rooms wired for sound, and get waked up by a buzzer going off at 5:45 every morning. This seems to be carrying mechanization of the army a little too far.

Out of the Ordinary

If you've got any tough Christmas present problems, all you've got to do is pore over a gift catalogue from some big housewares store like Lewis & Conger in New York. You'll find exotic items like a Snore Ball—an object that looks like a billiard ball, which you clip to the back of your pajama coat, so if you roll over on your back in the night (which is the position from which you snore) the ball lets out a low whistle and makes you roll over. You'll find a complete putting green for the living room, too; a portable welding set, and an electroplating kit; a flashlight that shines around corners; an infra-red spotlight which will kill the fleas on Fido; and a life-size reproduction of a fire hydrant for Fido, which will spare your bushes and shrubs. There are more humdrum items, too—the kind of thing you could easily put together yourself, but rarely do—like an Auto Raft, made of graduated lengths of hard wood, held with a chain, which you throw under the back wheels of your car when you get into ice or mud; a Growth Recorder—which is a rag-paper strip with spaces for marking Junior's progress, so you won't mess up the woodwork around the house; or a Garden-ade—which is a kit for garden tools with a padded mat to kneel on, so you won't get housemaids' knee. You can bet that whoever you're going to give any of this stuff to, hasn't got one already.

THE

Merry Christmas

Now comes world awaits grinding for needed more.

In face of it greetings falter seem so futile that somehow Christmas with the pious ritual peace and wishes come inflation of exchange loss.

But now deflated. It's modish. So the more the richer in the as in all things him who re- ward to him ings must n world we c Prince of P

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More on

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THE TRADING POST

Merry Christmas!

Now comes Christmas. And what a world awaits it! Desperately at war or girding for war, men seldom have needed more sorely its message of cheer.

In face of it all, our normal Christmas greetings falter as we speak them—they seem so futile. Yet, all that but means that somehow we must make this year's Christmas wishes something more than the pious rituals of happier days. When peace and happiness abound, those wishes come easy. We suffer from an inflation of cheer, when the medium of exchange loses much of its worth.

But now our stock of cheer is sadly deflated. It has become a precious commodity. So we must mint our wishes the more thoughtfully, see that they are richer in the substance of sincerity. And as in all things, the greater the need of him who receives, the greater is the reward to him who gives. Christmas greetings must mean more, as in a strife-torn world we observe the festival of the Prince of Peace.

So, in the hope that this holiday season will bring you a generous share of the cheer you must need to carry on through these trying times, the staff of Business Week wishes to each of its readers a very Merry Christmas!

More on Home Stokers

In its Nov. 30 issue (p. 28), Business Week, reporting a Chicago meeting of the Stoker Manufacturers' Association, cited some of the market worries there expressed by the makers of domestic stokers and told of their decision to do a better job of boosting the popularity of coal heat for new homes.

Comes now E. C. Sammons, vice-president of aggressive, hard-hitting Iron Fireman Mfg. Co., stoker builders of Portland, Ore., who dissents from the conclusions behind those worries, sees a bright picture of progress and promise in the domestic stoker business.

First he offers some figures to challenge the statement reported in Business Week that "around 77% of all new homes have oil or gas heat." He quotes Architectural Forum's estimate that of 343,000 single-family houses built during 1939, some 256,000 had hand-fired heaters and another 12,498 had coal-stokers, making in all 268,498, or 78.3%, equipped to burn coal, whereas 13% were equipped with oil burners and 8.7% with gas burners. Of the 343,000 single-family houses, 86,960, or 25%, were equipped with automatic burners. Of these, 12,498 were stokers, 44,462 oil burners, and 30,000 gas burners. The remaining 75% were hand-fired.

As happens occasionally in putting figures into type, the approximate figure of 77% cited by Business Week got separated from a limiting phrase that should have accompanied it. The sense of that limitation appears in the next sentence—"new homes above the minimum-housing class." But as this omission tends to mislead, Mr. Sammons is quite in order to get on record the specific overall figures.

Mr. Sammons continues as follows:

With respect to the number of stokers that go into new homes, the combined stoker manufacturers reported to the U. S. Bureau of the Census 1939 sales of 104,289 stokers. You will note, therefore, that 12,498 stokers in new homes amounts to approximately 11.98% of the total.

During the first ten months of 1940, total sales of residential stokers are reported by the Department of Commerce as 120,457, or about 52% more than those during the corresponding period of 1939. I have no way of knowing how many have gone into new homes, but I dare say there have been no fewer, percentage-wise, than those so installed during 1939.

It will be observed that if only 25% of the new single-family dwellings in the country are equipped with any kind of automatic heat, leaving 75% as hand-fired, it is not true that 'stokers are selling to a market steadily decreasing in number of prospects.'

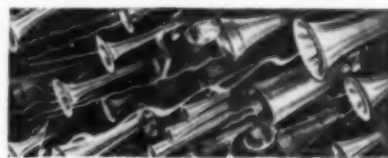
If you will check the number of warm-air furnaces and boilers sold each year, and deduct the number of automatic heating plants sold, you will find that around 57%, at least, of all homes still have hand-fired heating plants. The 256,000 new homes with hand-fired heaters are primarily a stoker-prospect group. So there is no dearth of prospects for stoker manufacturers.

So far as progress is concerned, the first domestic stoker was introduced a mere twelve years ago. Five or six years ago, the percentage of new homes equipped with stokers was practically zero. Today, according to my figures above, 15% of all new houses that have automatic heating, have stokers. The percentage is increasing.

An analysis of sales of stokers, oil-burners, and gas burners in the Jan. 1940 issue of Stoker and Air Conditioner Journal shows that in 1934 (just six years after the domestic stoker was introduced) stokers shot up above gas-burner sales and have kept the lead ever since. In 1931, one stoker was sold for every 94 oil-burners. In 1939, one stoker was sold for close to every 2 oil-burners. And in the December issue of Fuel Oil Journal, I notice a chart which shows that from 1938 to 1940, oil-burners made a gain in shipments of about 25%, gas-burners, 13%, while stokers gained 70%.

The statement that the stoker developed by Pocahontas Fuel Co. to burn its particular type of fuel is the only domestic stoker that does not require the householder to remove the waste products from the furnace should be modified in the case of anthracite burning stokers. All these automatically deposit ashes either in ash-cans outside the furnace or in a pit beneath the furnace. W.C.

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THE TREND

THE COST OF LIVING

Ever since the defense program started in earnest last June, a great deal has been said and written about the prospect of inflation in the United States. Housewives naturally think back—apprehensively—to the days of the World War when the cost of living rose at an accelerating rate: 2% in 1915; 11% in 1916; 19% in 1917; 21% in 1918. For a while after the war living costs continued to rise—but not so fast: 15% in 1919 and 10% in the first six months of 1920. Then the post-war decline in prices and living costs set in. But the cost of living had more than doubled between the end of 1914 and the middle of 1920.

When war broke out this time—in September, 1939—housewives remembered and engaged in a scramble for certain types of hoardable foodstuffs, notably flour and sugar, with the result that some prices rose rapidly in wholesale markets. But after the first frantic rush to buy, the scare subsided. And ever since, commodity prices have been more or less quiescent. It is true that certain of the more sensitive indexes show gains of as much as 20%; but such gains over more than a year's time are unimpressive when it is considered that in 1937 the Moody's Sensitive Index of Spot Prices lost 30% in four months, or that in 1933 the Business Week-Annalist Cyclical Commodity Price Index rose nearly 100% in five months.

• It is true, of course, that a creeping advance in commodity prices has taken place during recent months. As a result, purchasing agents, who were so cautious a year ago, have begun to lay in six months' stocks instead of three months' (BW—Dec. 7 '40, p. 60). More, a general expectation of rising prices prevails. But the fact remains that the price increases that have already taken place have not spread to the ultimate consumer—not perceptibly at any rate. This is indicated by the following table of changes in raw material prices, wholesale prices, and the cost of living since the outbreak of the war:

Business Week-Annalist Cyclical Commodity Price Index	+29.0%
U. S. Bureau of Labor Wholesale Prices	+ 6.7%
U. S. Bureau of Labor Cost of Living Index	Unchanged

When you realize that raw material prices (as indicated by the Cyclical Commodity Price Index) roughly represent the first stage of the economic process, that wholesale prices represent the second stage, and cost of living is the final stage, it becomes quite apparent that America's ultimate consumer has been well-insulated from the price jumps that have occurred. To date the increases have not been passed down the line.

This, of course, is quite orthodox—economically. Retail prices customarily lag behind wholesale prices, and wholesale prices tend to lag behind raw-material prices.

And so far, labor leaders who have tried to bargain with employers for increased wages—on the ground that living costs have advanced—have found the statistics dead set against them. Workers, ever since 1937, have been doing very well. Wages have not gone down—on the whole—but, as the following table shows, living costs (primarily because of the drop in expenditures on foodstuffs) have:

Cost of Goods Purchased by Wage Earners and Lower-Salaried Workers in Large Cities (1935-39 = 100)

Date	Total Cost of Living	Food	Clothing	Rent	House Furnishings
Mar. 15, 1937..	101.8	105.0	100.9	98.9	102.6
Sept. 15, 1937..	104.3	107.9	105.1	102.1	106.7
Mar. 15, 1938..	100.9	97.5	102.9	103.9	104.7
Sept. 15, 1938..	100.7	98.1	101.4	104.2	101.9
Mar. 15, 1939..	99.1	94.6	100.4	104.3	100.9
Sept. 15, 1939..	100.6	98.4	100.3	104.4	101.1
Mar. 15, 1940..	99.8	95.6	102.0	104.5	100.5
Nov. 15, 1940..	100.1	95.9	101.6	104.7	100.6

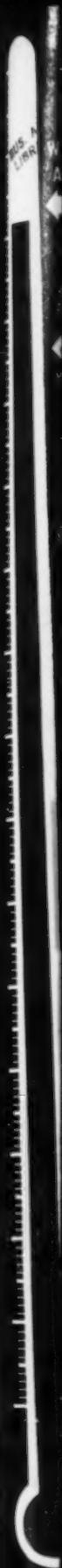
• As time goes on, the cycle is apt to move against the wage-earner, and particularly against persons whose incomes are fixed—teachers, government employees, and people dependent on income from bonds and annuities. Of course, the evidence is not conclusive that living costs will mount; for retail prices have hardly advanced at all. But Washington has been trying hard to talk prices down, and merchants have been making speeches and issuing memoranda about the need for “going easy.” Such protests are suggestive. People do not go out of their way to anticipate the unexpected.

Up until national defense came along, the prospect of a major rise in the cost of living was remote. The power of American industry to produce all the goods Americans conceivably could buy was hardly ever questioned. The country had spare man-power, spare plant, and spare capital. As soon as any prices of finished goods showed a tendency to rise, there were manufacturers with idle plant to boost output, and thereby shove prices back in line.

But now national defense is rapidly pumping purchasing power into the hands of ultimate consumers (BW—Dec. 14 '40, p. 13). Already the volume of goods being sold at retail exceeds the 1929 peak. And no longer are there plenty of marginal producers around waiting to meet any increase in consumer demand. What it all comes down to is this: relative to potential demand the supply situation is getting tight. And in the face of that prospect, it is logical to expect the cost of living to show a tendency to rise.

The Editors of Business Week

Business Week • December 21, 1940



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